“Can the wing beat of a butterfly in Brazil cause a tornado in Texas?”

During a presentation in 1972, the meteorologist Edward Lorenz coined the term “butterfly effect”. The butterfly effect, with the history of its origins, demonstrates the very effect which it denotes: that a small change can have a large impact – not only in the negative sense, but in the positive sense too, as documented in the sustainability report of METRO Group.
<table>
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<td>China</td>
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(by 31.12.2007)

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<tr>
<th>Country</th>
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<td><strong>GERMANY</strong></td>
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<td><strong>NETHERLANDS</strong></td>
<td>16</td>
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</tr>
<tr>
<td><strong>PAKISTAN</strong></td>
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<td></td>
</tr>
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<td><strong>POLAND</strong></td>
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<td><strong>SWITZERLAND</strong></td>
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<td><strong>UNITED KINGDOM</strong></td>
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<td><strong>INDIA</strong></td>
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<td><strong>ITALY</strong></td>
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<td>88</td>
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<tr>
<td><strong>JAPAN</strong></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td><strong>LUXEMBOURG</strong></td>
<td>2</td>
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<td><strong>MAROCCO</strong></td>
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**METRO C&C** is the primary brand in most countries, followed by **Real**, **Media Markt/Saturn**, and **Galeria Kaufhof**. Other brands include **Metro C&C**, **Makro C&C**, and **others**.
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METRO GROUP AND CORPORATE SOCIAL RESPONSIBILITY

FOR US, CORPORATE SOCIAL RESPONSIBILITY (CSR) MEANS ENSURING THE FUTURE SUCCESS OF OUR BUSINESS IN A SOCIALLY RESPONSIBLE MANNER. TO ACHIEVE THIS, WE TAKE SOCIAL AND ENVIRONMENTAL REQUIREMENTS INTO ACCOUNT AT AN EARLY STAGE IN OUR STORES AND OPERATIONS AS WELL AS ALONG THE ENTIRE SUPPLY CHAIN.

WE CAN ONLY GENERATE LASTING AND PROFITABLE GROWTH AND SUCCESSFULLY OPTIMISE METRO GROUP’S INVESTMENT-DRIVEN STRATEGY IF OUR CORE BUSINESS IS MANAGED IN A SUSTAINABLE WAY.

AS AN INTERNATIONAL RETAILING COMPANY, WE ARE PART OF THE DAY-TO-DAY LIVES OF MILLIONS OF PEOPLE AROUND THE WORLD. THIS DIRECT CONTACT TO OUR EMPLOYEES, SUPPLIERS AND CUSTOMERS MEANS THAT WE HAVE A SPECIAL CORPORATE RESPONSIBILITY.

OUR CSR ACTIVITIES ARE THUS CONSISTENTLY GEARED TO THE NEEDS AND REQUIREMENTS OF OUR KEY STAKEHOLDERS.

CSR ALSO STRENGTHENS OUR POSITION AS A LEADING INTERNATIONAL RETAILING COMPANY OPERATING IN AN INCREASINGLY COMPETITIVE GLOBAL ENVIRONMENT.

WE ALSO CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF SOCIETY AS A WHOLE BY EMBRACING OUR SOCIAL AND ECOLOGICAL RESPONSIBILITY ALONG THE ENTIRE VALUE CHAIN.
METRO Group operates successfully at over 2,200 locations in 31 countries today. To continue our profitable growth and optimise our investments, we have to ensure that we manage our core business in a sustainable manner. For us, Corporate Social Responsibility (CSR) means acting responsibly towards the people we deal with and the environment – in our stores and operations and along the supply chain. We can thus secure the future foundation for our business and potential competitive advantages and contribute to the sustainable development of society.

The direct contact we have to millions of people also requires responsible corporate management. Every day, customers, employees, investors and business partners from around the world put their trust in us and contribute to the success of our business. To strengthen the commitment of our stakeholders to METRO Group, we exchange ideas with them on a regular basis and incorporate their diverse needs into our CSR activities as well.

We want to be able to offer our customers high-quality products that meet their needs both today and in the future. Because some resources and products are already in short supply today, we rely on procurement strategies that reduce our consumption of resources and we help our suppliers meet internationally recognised standards.

It is precisely in the environmental domain that it becomes evident how closely tied economic and environmental interests often are: we can counteract rising operating costs by dealing sparingly and efficiently with limited natural resources. We also test the deployment of innovative environmental technologies.

We also pursue an innovative and forward-looking human resources policy to ensure our future competitiveness in an increasingly international environment. We stimulate people’s interest in METRO Group and the retail business using modern recruiting measures and providing attractive training opportunities and socially responsible working conditions around the world. We also incorporate our expertise and experience into social projects and initiatives that we can reconcile meaningfully and credibly with our core business.

Our fourth sustainability report documents how we use CSR as a tool to structure our business processes even more efficiently and increase the benefits for our key stakeholders. It has also become clear that the only way to secure economic stability and social prosperity over the long term is through sustainable corporate management.

I hope you find this report both informative and inspiring.

Dr. Eckhard Cordes
Chairman of the Management Board
Chief Executive Officer

DEAR READERS
METRO Group is one of the largest and most international retail and wholesale companies worldwide: a total of around 280,000 employees from more than 150 different nations work at our 2,221 locations in 31 countries in Europe, Asia, and Africa. In 2007, we generated annual sales of over EUR 64 billion.

METRO Group’s performance is based on the strengths of its sales divisions, which operate independently on the market with their own concepts and – in some cases – their own sales brands: Metro Cash & Carry – international leader in the cash & carry sector; Real hypermarkets, Media Markt and Saturn – European market leader in consumer electronics; and Galeria Kaufhof.

METRO AG headquartered in Düsseldorf, Germany, acts as a strategic management holding company for the Group. Cross-divisional service companies support the sales divisions with Group-wide and cross-divisional services.

Shareholder structure of METRO AG
METRO AG is majority-owned by the three principal shareholders Beisheim, Haniel and the Schmidt-Ruthenbeck family. Following Haniel’s announcement of an increase in the Haniel and Schmidt-Ruthenbeck voting rights in August 2007, they now hold together a total of 68.47 percent of the voting rights in METRO AG.
Our sales brands
Metro Cash & Carry is an international leader in the cash & carry sector. At the end of 2007, our largest and most internationalised sales division was operating in 29 countries with the brands Metro and Makro. The product range is geared exclusively to professional and wholesale customers.

Real is the market leader in Germany’s hypermarket sector. The sales brand has also successfully established itself in Poland, Turkey, Russia, and Romania.

Europe’s No. 1 consumer electronics retailer: the sales brands Media Markt and Saturn convince with their innovative and powerful sales and marketing concepts. Both have been growing dynamically for some years now and are consistently strengthening their position as European market leader.

Galeria Kaufhof is the concept and systems leader in the German department store segment, and market leader in Belgium. The department stores of this sales division enrich shopping districts and city centres with sophisticated, high-quality assortments presented in theme-based worlds.
OUR CORPORATE STRATEGY

The goal of our corporate strategy is to increase the value of METRO Group over the long term.

Profitable sales growth through international expansion
Accelerated expansion and international development of our sales network form the cornerstone of our profitable growth. Here, we place the emphasis on success, not size. This means that return is more important to us than simple volume growth. Today, we already generate almost 60 percent of our total sales outside Germany. Our international expansion activities focus on the growth markets of Eastern Europe and Asia. The growth drivers of this internationalisation are Metro Cash & Carry, as well as Media Markt and Saturn.

Optimising our investment
We want to further develop our corporate portfolio on a long-term basis and using a value-orientated approach. Our goal is to offer investors an optimal return on investment. To continuously increase the value of our sales brands, we focus our business activities and capital allocation exclusively on sustainable and profitable market segments.

Improving our sales concepts
Consistent customer focus in our assortment and service, as well as new forms of customer retention, are key to the commercial success of our sales divisions. With the goal of further improving customer benefits and the efficiency of our business processes, we continue to develop our sales concepts. In this respect, each sales division needs to establish itself as a distinctive brand in its trading segment and develop its own image for a successful market presence.

Guiding principle – transparency: our compliance programme
Our business activities are subject to a wide range of laws, regulations and self-imposed codes of conduct. The standardised Group-wide compliance programme introduced in 2007 combines and complements existing measures to ensure compliance with these rules. The goal of the compliance programme is to support all METRO Group employees in observing the relevant laws, regulations and codes of conduct.

More information on the compliance programme is available on the Internet at http://www.metrogroup.de/compliance
CSR AS AN INTEGRAL PART OF OUR BUSINESS ACTIVITIES

Our corporate strategy – which is geared to generating profitable growth – can only be successfully implemented if we take a sustainable approach to running our core business.

For us, Corporate Social Responsibility (CSR) means taking social and ecological requirements into account in our stores and operations, as well as in the supply chain. By doing so, we are able to secure the basis of our future business activities. Furthermore, we take the opportunity to differentiate ourselves positively in today’s increasingly competitive global environment and strengthen our stakeholders’ trust in the Group.

We continuously identify the social and ecological challenges that are relevant to METRO Group in order to secure the future of the company in an economically responsible manner and to contribute to sustainable development of society. Here, we focus on issues that significantly influence our core business. But the demands of our key stakeholders also influence our choice of social and ecological spheres of activity. We analyse each challenge in terms of its risk-reward potential for the company. With the involvement of top management, we formulate concrete goals and measures aimed at helping us leverage potential opportunities and/or minimise identified risks. The measures are then implemented by the operational managers in the respective sales divisions and cross-divisional service companies as consistently and across-the-board as possible. We measure the success of our CSR performance using Key Performance indicators (KPIs). Those you will find from page 74 on in this report.

We regularly and systematically identify our greatest challenges in the area of sustainability.
DIALOGUE WITH OUR KEY STAKEHOLDERS

As a retailing company, we are part of the day-to-day life of many millions of people around the world. This direct contact means we have a special corporate responsibility. The more we know about the different expectations of our stakeholders, the better we are able to meet this responsibility. Failure to get to grips sufficiently with issues such as sustainably produced goods or socially acceptable working conditions will jeopardise our core business as well as the trust that customers, employees, investors and politicians place in us every day across the globe.

For this reason, we assign a very high priority to regular and constructive dialogue with them.

Analysing customer needs thoroughly and at an early stage
The maxims that apply generally to the wishes and needs of our customers are also valid with regard to their expectations in the area of CSR. They differ according to individual circumstances and their characteristics are highly varied. While most customers are primarily interested in high quality that also represents value for money, a growing target group – especially in the western industrialised nations – is attaching importance to the social and ecological conditions connected with the production, sale and use of products. The better our sales brands can analyse and meet the manifold expectations of their customers, the greater the chance that they will strengthen the trust of regular customers and acquire new customer groups.

We aim to strengthen our stakeholders’ trust in METRO Group by engaging in regular and constructive dialogue.
To read about how the sales brands structure their communications with customers, identify their needs and take these into account when designing concepts, turn to the section “Customer Service” in this report.

**Recruiting and retaining employees in the long term**
Our long-term business success is inextricably linked with the commitment and motivation of our employees. In addition, we must continually attract talented new executive, specialist and junior management staff. The expectations of our employees and potential applicants therefore also play a key role in our CSR activities. To read about how we position ourselves as an attractive and forward-looking employer, turn to the section “Employees” in this report.

**Taking the demands of the capital markets into account**
The capital markets determine our stock price and our access to financing options. For this reason, dialogue with investors and analysts is particularly important to us. In all our communications with the capital markets, the principles of fair disclosure apply: timeliness, continuity, credibility and equality of treatment. Our capital market communications activities have a long-term outlook and form part of our value-creating Group strategy.

Our shareholders expect us to spot opportunities and risks for business development at an early stage. This means taking account not only of the economic situation and legal requirements, but also – and increasingly – of social and ecological challenges. In order for METRO Group to profit from the growing market in sustainable investment funds, it must answer questions about environmental protection and the efficient use of resources, the safeguarding of social and environmental standards in the supply chain, responsibly structured assortments and the fair treatment of its own employees.

To explain our corporate and CSR strategy in detail to major investors, we held many one-on-one meetings and answered comprehensive questionnaires in 2007. In addition, METRO Group presented itself to investors and analysts in all key financial centres in Europe and the United States. We attended 10 conferences, attracting over 1,000 participants. To round off our extensive communication activities with institutional investors, we held 34 road-show days in 11 countries and conducted more than 100 meetings and store visits at our Düsseldorf headquarters.
Each investor has different areas of focus and criteria when assessing our company’s sustainability strategy and CSR performance. We regard it as an ongoing task to gather the different expectations of investors, analyse them in terms of our corporate strategy and derive potential for optimising our business activities.

Dialogue with individual investors is also a high priority for us. Around 100,000 private individuals are METRO AG shareholders. Our investor hotline is available to answer all their questions about METRO Group and its shares.

METRO Group is part of the Dow Jones Sustainability World Index. In October 2007, the German stock exchange launched the DAX-global Sarasin Sustainability Germany Index. This new index comprises 34 of the largest 100 German companies, selected by the Swiss bank Sarasin according to their sustainability rating. METRO Group has been listed there right from the start. In addition, the Metro share is included in the following indices: ASPI (Advanced Sustainable Performance Indices), ESI Excellence Europe, ESI Excellence Global and the Ethical Index Euro.

You will find more information on communications with the capital markets on the Internet at http://www.metrogroup.de/investorrelations
Actively shaping the political framework
Throughout the world, our business activities depend on the political and legal framework of the countries in which we operate. It is becoming increasingly difficult for governments to harmonise national legislation with global challenges. Our diverse commitments in the area of CSR therefore also contribute to implementing internationally recognised standards or achieving political objectives faster.

Regular dialogue and constructive cooperation with political decision-makers and associations is an important part of our stakeholder communication. On a European level, we support in particular the EuroCommerce trade association, which represents the retail, wholesale and international trade sectors in Europe. Furthermore, we are the only German company to be a member of the European Retail Round Table (ERRT), a network in which European retailers work together to develop solutions for the sector’s challenges and seek dialogue with European institutions.

In Germany, our managers are active in the most important trade associations, as well as in 80 chambers of commerce and on the committees of the DIHK (Association of German Chambers of Industry and Commerce). In this organisation, their commitments include sitting on the IHK (German Chamber of Industry and Commerce) examining board and supporting junior retail staff in completing their vocational training and college education.

On a regional level, we have set up METRO Group Regional Meetings (MGRM). Their task is to help employees in the sales divisions and cross-divisional service companies get involved with professional associations and chambers of commerce. The MGRMs also serve as a platform for constructive dialogue between regional managers and local stakeholders. In 2005, we successfully set up MGRMs in Poland. We are currently assessing their implementation in further countries.

You will find information on the topics of risk management and corporate governance at METRO Group in our current annual report.
AMBITIOUS STANDARDS AND GOOD COOPERATION GUARANTEE HIGH-QUALITY ASSORTMENTS OVER THE LONG TERM

Working together with local businesses, governments and non-profit organisations, METRO Group is committed to meeting high standards along the entire supply chain. Seamless quality control and regard for environmental aspects and human rights make a decisive contribution to ensuring that we are able to offer our customers high-quality assortments that meet their needs both today and in the future.
For an internationally active retailing company such as METRO Group, the anticipated increase in consumption associated with population growth is advantageous in principle. However, to actually benefit from the potential increase in sales opportunities, it has to ensure that its stores can be adequately supplied with goods over the long term. In addition, the products on offer have to meet the individual expectations and needs of the customers. As well as quality and an attractive price-performance ratio, an increasingly important criterion is a product’s impact on health. A growing target group – primarily in Europe – also places special emphasis on environmentally-friendly and socially responsible production. With the increasing complexity of supply chains, a crucial challenge facing METRO Group is how to maintain and monitor uniformly high standards throughout all processing stages.

METRO Group’s sales brands offer their customers a wide selection of products from around the world. The comprehensive assortments mainly cover food, electrical appliances and textiles. Brand products of well-known manufacturers are supplemented by a large number of high-quality private-label products. For these METRO Group bears direct product responsibility. This means it is free to define the product characteristics, packaging design and price itself. It also has the opportunity to distinguish itself from the competition and to offer customers attractive alternatives to brand products.

The demand for food and other consumer goods is growing as the world’s population increases. At the same time, it is becoming more difficult to produce the respective product range as natural resources are depleted. In some parts of the world, unusual droughts and other extreme weather phenomena mean that there is less and less space available for farming. Agricultural productivity has also fallen due to intensive use of the soil. The inadequate implementation of international treaties for human rights means that in some countries not everyone benefits in equal measure from the advantages of free trade.
Detailed regulations and laws in the European Union guarantee that retail products are flawless regardless of their origin. However, in some countries where METRO Group is active, comparable uniform framework conditions do not exist. Particularly at locations in newly industrialising or emerging markets, the understanding of quality, environmental protection or humane working conditions can vary significantly compared to the domestic market.

**AMBITIOUS STANDARDS – FROM PRODUCTION TO THE POINT OF SALE**

To be able to offer our customers high-quality assortments that meet their needs both today and in the future, we require our suppliers to satisfy ambitious standards in all product areas. Our internal company guidelines are supplemented by a wide range of globally applicable regulations and inspection systems. METRO Group’s quality assurance staff and independent experts assess whether manufacturers and products meet all of the relevant criteria.

In some countries where we are expanding, we help our suppliers satisfy internationally recognised standards with tailored training and instruction programmes. We provide our customers with information about many products using labels and other forms of consumer-friendly information. This makes it easy to recognise at first glance which products are particularly healthy, environmentally-friendly or socially responsible.

**Sustainable agriculture with GLOBALGAP**

To ensure high crop yields, it is common practice internationally to use pesticides and other chemical substances in agriculture. If specific limits are not complied with, not only the quality of the soil but also the health of workers and consumers is damaged over the long term. For retailing companies, the uncontrolled use of pesticides by their suppliers puts their reputation at risk and exposes them to possible financial losses.

With the goal of establishing uniform specifications for safe and sustainable agriculture, in 1997 major European retailing companies founded EurepGAP. This international quality standard sets minimum requirements for agricultural businesses. The guidelines for “Good Agricultural Practice” (GAP) require producers, among other things, to reduce their use of pesticides and ensure a responsible approach to worker health and safety.

As a local buyer, we have a strong interest in ensuring sustainable production conditions at our locations.
Supporting suppliers in certification

To cope with country-specific consumption and living habits, METRO Group purchases 80 to 90 percent of its food assortment from domestic suppliers. To achieve this, we rely on close cooperation with local businesses, governments and non-profit organisations in all countries. Everyone involved benefits from the open, intercultural exchange of experiences, professional expertise and proven management solutions. Reliable and partner-based business relationships are particularly important for METRO Group. These also include sustainable production conditions.

In May 2007, Metro Cash & Carry Vietnam signed a cooperation agreement with the Vinh Long province located in the Mekong Delta to help fruit farmers satisfy the technical requirements to receive GLOBALGAP certification.

Having a globally recognised certification for growing pomelos makes it easier for the Vinh Long fruit farmers to sell their fruit both locally and internationally.

The Nam Roi pomelo cooperative in Binh Minh Ward receives assistance within the scope of the 15-month GLOBALGAP support programme. The project focuses on four Vietnamese fruit types with a high potential for export: mangos, dragon fruit (pitahaya),

You can find more information about GLOBALGAP on the Internet at http://www.globalgap.org

METRO Group was the first German retailing company to use EurepGAP at that time. Today, we primarily have our fruit and vegetable suppliers assessed for compliance with the GLOBALGAP farm certification standards. Since 2007, we have also been active in aquaculture with GLOBALGAP. We are working in task forces to develop standards for salmon, shrimp and pangasius and are active in pilot projects.

In addition to GLOBALGAP, we apply the International Food Standard (IFS) for auditing suppliers who process food for our private labels. We have thus achieved the goal we set in 2006. The IFS already applies for 100 percent of suppliers in Germany. We are also pushing for across-the-board implementation in the other Metro countries.

You can find more information about the International Food Standard on the Internet at http://www.food-care.info

In each country, we procure up to 90 percent of our food assortment from domestic suppliers.

The global importance of EurepGAP has continued to increase over the last 10 years. To make the name consistent with the actual market position as the international GAP standard and avoid upsetting public and private interest groups, the name EurepGAP was changed to GLOBALGAP in September 2007.

You can find more information about GLOBALGAP on the Internet at http://www.globalgap.org

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pomelos and lychees. Working together with the Vietnamese Ministry of Trade (MOT) and the Gesellschaft für Technische Zusammenarbeit GTZ (Association for Technical Co-operation), Metro Cash & Carry is supporting the creation of a nationwide distribution network.

**High quality and environmental standards in China**

Metro Cash & Carry is also one of the local buyers of agricultural products such as fruit, vegetables and poultry in Hefei, the capital of the Chinese province Anhui. To ensure the availability and sale of these products in the wholesale stores, the sales division is committed to sustainable agriculture. Training programmes specially developed for local producers address all of the key issues in modern agriculture. Because soil and water quality is particularly important for high-quality food, information is also provided about environmental aspects. Independent institutes monitor compliance with the production requirements defined by Metro Cash & Carry. The Chinese Ministry of Trade and local agricultural agencies are supporting this effort.

**PROMOTING SUSTAINABLE PRODUCTS: EXAMPLE OF FISH**

For several products or resources, demand today already exceeds the natural supply. This is the case, for example, with fish. As this food with its proven health benefits becomes more and more popular with consumers, stocks of some species have depleted in the world’s oceans, in some cases to endangered levels. METRO Group today offers its customers a wide assortment of popular kinds of fish and seafood. To ensure that it stays this way, the Group is very interested in preserving the biodiversity of the oceans.

By purchasing sustainably caught fish, consumers can contribute to safeguarding fish species such as Alaskan salmon, herring or hoki over the long term. The blue fish logo of the Marine Stewardship Council (MSC) indicates that a product originates from a responsibly managed fishery and does not add to the problem of overfishing the oceans.

We were the first German retailing company to add MSC-certified private-label products to our fish assortment.
To enable our customers to buy fish responsibly, we added, as the first retailing company in Germany, MSC-certified private-label products to our assortments as early as 2002. At the end of 2007, our extensive fish assortment contained around 40 different MSC-certified products. We plan to extend the product range to 80 MSC-products by the end of 2008. We also offer MSC products in our stores in Austria, Croatia, the Czech Republic, Poland, Romania, Russia and Serbia.

Our range of responsibly caught fish is dependent on the quantity available on the global market. This is why we support the MSC’s work to encourage more fish suppliers to become MSC-certified. Because this process is both time-consuming and labour-intensive, it is important that the suppliers in question are rewarded for their effort with sufficient demand.

At the same time, we also have our performance and sustainability management assessed by a neutral party. This means that we commission an independent institute accredited by the MSC to review the respective merchandising level of the fish using the criteria transparency, traceability, hygiene as well as temperature management. In Germany, the sales divisions Metro Cash & Carry and Real are now MSC-certified. The same applies for the cross-divisional service company MGL METRO Group Logistics GmbH.

In Germany, the sales brands regularly inform their customers about their activities in sustainable fishing. The explanation of the MSC label on the Internet and in the advertising materials makes it easier to make a conscious decision to buy sustainable fish products.

Training programmes for the local fishing industry in India and Pakistan
Since 2003, training programmes for the local fishing industry initiated by Metro Cash & Carry at our locations in India have been helping contain the problem of overfishing the oceans and raising the awareness of the domestic suppliers for quality and environmental protection. Experts of METRO Group and the Deutsche Gesellschaft für Investition und

We support the Marine Stewardship Council (MSC) in its endeavour to increase the amount of responsibly caught fish on the world market.
Entwicklung DEG (Association for Investment and Development) have already trained around 1,150 Indian fishing crews in modern fishing and processing methods.

At the beginning of September 2007, we achieved our goal of introducing the first training programmes for suppliers in Pakistan. The focus topics at the seminars for local fish farmers were environmentally-friendly farming and fishing methods as well as hygiene techniques.

Thanks to the training programmes, the sales opportunities of the suppliers have demonstrably improved – in their home countries as well as on the global market.

“Stopp Discard”: pilot project for more efficient fishing
Within a pilot project initiated by Deutsche See GmbH, METRO Group is working to ensure that fewer fish are discarded through what is known as bycatch. Based on applicable EU law, fish not originally part of the intended catch that end up in nets incidentally have to be thrown back into the ocean. Most of the fish are already dead by then. The “Stopp Discard” pilot project of the European Union aims to put an end to this practice. To achieve this goal, the fishing industry, retailers, scientists and politicians are working closely together. This will enable bycatch fish to be caught, added to the fishing quotas and sold.

Dialogue with the WWF
The common goal of protecting endangered fish stocks has already been the basis for a constructive and regular exchange between METRO Group and the famous environmental organisation World Wide Fund for Nature (WWF) for many years. In 2007, we worked together with the WWF to encourage the European Commission to reduce fishing quotas for bluefin tuna in the Mediterranean.

PRODUCT RESPONSIBILITY IN THE NON-FOOD AREA
METRO Group also bears product responsibility for its non-food private-labels which include textiles and electrical appliances, for example. To protect our customers’ health and the environment, we require our suppliers to fulfil strict material specifications and product guidelines. Phthalates are noxious substances that can adversely affect human health. They are used primarily as softening agents in toys, baby products and other plastic products. Since April 2008, all private-label suppliers of METRO Group in
Supply chain and products

BRC Consumer Product Standard: more efficiency and improved quality

With the application of the Consumer Product Standard of the British Retail Consortium (BRC) in quality assurance, we have achieved the goals set in 2006 and made considerable improvements while also boosting efficiency. On this basis, we want to have all non-food suppliers audited for compliance with BRC requirements. The focus of these inspections will initially be Asia. Back in April 2007, we informed 830 suppliers in China about the internationally uniform standard. Since 1 January 2008, they have to prove that they satisfy the BRC requirements with a certificate. You can find detailed information about the BRC standard on the Internet at http://www.brc.org.uk

Safe and health-compatible textiles

Numerous chemicals such as dyes, fixing agents or waterproofing substances are used in the production of textiles and clothing. They help the clothing last longer and make it more durable and comfortable when worn. To be able to offer our customers exclusively hazard-free products, we restrict the use of harmful substances by our suppliers and monitor their use. From Europe to Asia, both our private-label suppliers and our brand manufacturers have to satisfy our guidelines for restricting harmful materials and for substance bans in textiles. These are subject to legal requirements such as the German ordinance on the ban of chemicals or the European ordinance on the ban of azo dyes.
Moreover, in relevant areas where nothing is stipulated by law, we have developed our own requirements. These are based on the internationally recognised Öko-Tex Standard 100 which prescribes strict limits for substances in textiles. It is only when these limits are observed that a piece of clothing receives the "Confidence in Textiles" quality seal for textiles that have been tested for harmful substances and are particularly skin-friendly. We offer our customers in Germany, for example, bedclothes, towels and children’s nightwear that meet the Öko-Tex Standard 100. Under the new exclusive "Galeria Home" brand, Galeria Kauhof also offers its customers bedclothes and towels made of organic cotton. Only environmentally safe substances are used in processing the raw material.

Careful material selection promotes consumer protection

To reduce the flammability of children’s nightwear, it is often treated with flame retardants. Because these substances have been proven to be harmful to health, METRO Group already today does not treat its private-label products with them. Instead, it uses scientifically tested raw material and material combinations that meet the safety needs of consumers and health-protection requirements.

Customers and the environment benefit from energy-efficient electrical appliances

Even though for the production of electrical appliances resources such as energy and other raw materials are needed, the greatest amount of energy consumed by far in the lifecycle of the appliances occurs during use.

We offer our customers the opportunity to substantially reduce their own electricity consumption with our extensive range of particularly energy-efficient electrical appliances. At the same time, the environment benefits from the low carbon dioxide emissions of energy-
With our energy-efficient electrical appliances, consumers can reduce their power consumption and help preserve the environment.

saving units. When looking for an energy-saving appliance, consumers can gain helpful information from the EU energy label. It contains, among other things, environmental and energy-relevant data. In the autumn of 2006, we renewed our proven cooperation with the Deutsche Energie-Agentur GmbH (German Energy Agency GmbH). Since then, customers are informed in sales talks, brochures or on the Internet about the many reasons why it is worthwhile to buy energy-efficient appliances. Promotional days in several stores also draw additional attention to the topic.

Our consumer electronics centres have developed additional information that makes it easier for consumers to make a conscious decision when purchasing energy-efficient and hence more climate-friendly appliances. As a frontrunner in Germany, Media Markt and Saturn clearly indicates the energy consumption of all TV sets in normal operation and in standby operation on the price tags. The energy consumption of television sets varies in some cases significantly even if they have the same screen size. For an average useful life of ten years, the accumulated electricity costs can fluctuate between EUR 150 and EUR 1,000.

WORKING TOGETHER FOR HUMANE WORKING CONDITIONS

In some countries, the basic labour and social standards stipulated by the United Nations are not implemented consistently and coherently by the national governments responsible. The exposure of inadequate conditions in the supply chain does not just pose risks for companies purchasing internationally. Violations of minimum social standards can also result in considerable financial losses even for local manufacturers and their employees.

Most consumers expect that human rights and environmental standards are complied with during production, whether for T-shirts from China or fruit from South Africa. This is why the ban on forced labour, child labour or any form of exploitation has been a basic component of the purchasing terms and conditions of the MGBI METRO Group Buying International since 1997.

Over a quarter of the relevant suppliers of METRO Group met the requirements of the code of conduct of the Business Social Compliance Initiative (BSCI) in 2007. The percentage of successful audits in 2007 rose only slightly compared with 2006. This was attributable to changes in the supplier structure due to the continuously changing fashion trends in clothing, shoes and toys.
Within the scope of product import to the European Union, we have also committed ourselves to assessing our suppliers and to helping them introduce better working conditions. METRO Group is one of the founding members of the Business Social Compliance Initiative (BSCI): an association of European retailing companies and brand manufacturers that aims to secure good working conditions in production along the entire supply chain.

The initiative focuses on the key import markets of European trade. This includes countries where experience has shown that there is a high risk that social and environmental standards will be violated. While BSCI originally focused on products in the areas of textiles, clothing, shoes and toys, modules have also been developed with the member companies for the primary production of food and product groups such as electrical appliances and other hardlines.

Step 1: Supplier awareness and assessment
A globally standardised code of conduct and a monitoring system apply to the suppliers of the BSCI members. The BSCI code of conduct is based on the norms of the International Labour Organization of the United Nations (ILO) and the internationally recognised social standard SA8000 of Social Accountability International (SAI). The requirements include, among other things, humane working hours, the freedom of association and representation of interests and fair compensation; but also handling chemicals and processing waste water in a way that does not endanger the environment and people.

BSCI first carries out an “awareness-raising” workshop in each defined risk country. The goal is to sensibilise the suppliers to the project and prepare them for the assessment. Then, METRO Group asks its suppliers to have themselves audited by an SAI-accredited auditor within the next six weeks.

If a supplier does not receive a “good” rating but “improvements needed” or “critical” instead, he must implement a predefined correction plan. After no more than six months, the agreed measures are reviewed in a second audit (re-audit).

Since 2005, METRO Group has performed 391 audits in the BSCI-relevant risk countries. Of these, 41 percent were positive. This means that METRO Group is far above the BSCI average value. The goal of the BSCI member companies was to assess their suppliers in those risk countries, with which two-thirds of the total sales are generated in the industries of textiles, sporting goods and toys for compliance with minimum social standards by the end of 2007. To date, we aim to promote an environment that makes it easier for local stakeholders to improve social standards.
almost three-quarters of the relevant suppliers of METRO Group have gone through the social audit process. The weak points identified for the suppliers were primarily in the area of management practices. For example, insufficient planning led to overtime, errors in compensation or inadequate safety in the workplace. No supplier of METRO Group was found to use child labour. Its discovery would lead to the immediate termination of the business relationship.

**Step 2: Sustainable qualification of suppliers**

Because a social audit always only represents a momentary snapshot, METRO Group is increasingly breaking new ground in its cooperation with suppliers and local stakeholders within the scope of BSCI. "Round Tables" bring together representatives of government agencies, business organisations, trade unions, non-governmental organisations, universities, auditors and other organisations. The goal is to cultivate an environment that facilitates implementation of the applicable national and international laws and improve social standards. To date, Round Tables have been held in Bangladesh, Bulgaria, China, Hong Kong, India, Indonesia, Morocco, Pakistan, the Philippines, Romania, Turkey and Vietnam. With a view to implementation of the BSCI standards in primary production of agriculture, additional Round Tables are planned in Africa and Latin America.

Tailored coaching and intensive awareness-raising efforts contribute to ensuring that suppliers have realistic opportunities to improve their working conditions over the long term. In 2007, METRO Group, together with BSCI, held qualification seminars in China and Turkey for suppliers who had not initially passed the first audit.

Because many shortcomings cannot be resolved by the suppliers alone, in the summer of 2006 BSCI also convinced high-ranking Chinese government officials of the necessity and the advantages of socially compatible working conditions. These efforts have resulted in close cooperation.

**BSCI successfully implemented for new product areas**

Since the summer of 2007, METRO Group has also applied BSCI in the areas of food and hardlines. In China, 150 hardline suppliers participated in the “awareness raising” workshop and are now beginning the audit process. In the area of food, the start of assessments was delayed by several months counter to our original targets because we first had to wait until BSCI had concluded the information phase for the relevant suppliers in South Africa and China.

More information at http://www.bsci-eu.org
REACTION MANAGEMENT: WELL-EQUIPPED FOR EMERGENCIES

Despite taking all precautions, an absolute protection from defective products or misconduct by certain individuals is not possible. If needed, we have proven concepts at hand for international reaction management: uniform standards enable us to act quickly and efficiently when quality problems occur. Internal recall structures and responsibilities are exactly regulated. A national and international crisis team ensures that the information workflows function smoothly and the necessary measures can be introduced as quickly as possible. All contact data and the required steps for action are available to the members of the crisis teams in a standardised management manual. In addition to actually recalling the products concerned, external communication plays an equally large role. We make sure that consumers have access to up-to-date and transparent information through toll-free hotlines or immediate releases on the Internet.

OBJECTIVES

By the end of 2008, we want to have 80 MSC-certified products in our fish assortment.

Given the diversity of animal welfare issues METRO Group seeks also dialogue with the experts. We consider in particular the close cooperation with the entire supply chain and other stakeholders especially necessary in order to effectively and sustainably safeguard the animal welfare topic. We set value on taking into account the needs of customers and not creating isolated solutions.

We want to have all non-food suppliers audited for compliance with the requirements of the BRC Consumer Product Standard.

We want to continuously increase the number of suppliers who have passed the social audit by providing intensive training and instruction.

Other topics

- Quality assurance: http://www.metrogroup.de/quality-assurance
- Genetic engineering: http://www.metrogroup.de/genetic-engineering
JUST AS THE SUBJECT OF SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY IS BROAD-RANGING, SO TOO ARE THE EXPECTATIONS HELD BY CUSTOMERS OF AN INTERNATIONAL RETAILING COMPANY SUCH AS METRO GROUP. IT IS CERTAINLY TRUE THAT THE “LIFESTYLE OF HEALTH AND SUSTAINABILITY” (ALSO KNOWN BY ITS ACRONYM LOHAS) IS BECOMING MORE POPULAR. HOWEVER, EVERY CUSTOMER HAS A DIFFERENT IDEA OF WHAT ECOLOGICAL STANDARDS OR SOCIAL RESPONSIBILITY FOR EMPLOYEES AND SUPPLIERS REALLY MEAN. CUSTOMER EXPECTATIONS CAN ALSO DIFFER BETWEEN COUNTRIES OR CULTURAL AREAS.
METRO Group offers millions of consumers in 31 countries worldwide a comprehensive range of products and services in its wholesale and retail stores.

The wide selection of food and non-food products at Metro Cash & Carry stores is aimed exclusively at professional customers such as hotels, restaurants and kiosk operators, caterers and small-scale grocery retailers. What matters to these customers is the particularly high availability of goods, longer opening hours and excellent accessibility offered by our Cash & Carry stores. By contrast, factors such as ecologically and socially responsible manufacturing, along with other aspects of sustainable business practices, have played a lesser role in the purchasing behaviour of these customers – at least until now.

On the other hand, young families with children and the 50-plus age group – the main customer target groups of Real – have very different needs. These customers are often extremely health-conscious, which makes them potentially interested in goods produced in an environmentally friendly way, such as organic foods.

The core target group of Galeria Kaufhof – lifestyle and fashion-conscious women in their mid-thirties and above – tends also to be more open to the idea of sustainable consumption.
Sustainable consumption: the LOHAS trend
A series of international “megatrends” is influencing the needs and consequently the spending patterns of consumers. One of these trends is LOHAS: “Lifestyle of Health and Sustainability”. Over a third of the population in the United States and Northern Europe can be classed as LOHAS consumers. In their approach to shopping, they have come to look for values such as transparency and trust, sustainability, ethics and moral standards. They would like to lead their lives in harmony with the environment and ethical principles – yet without giving up the pleasures to which they are accustomed. LOHAS consumers prefer to buy organically grown and fair-trade products. The LOHAS trend goes hand in hand with increasing expectations for companies to conduct their business in a socially and ecologically responsible manner. More and more, critical consumers want to know exactly where and how goods were produced.

For METRO Group, marketing goods which were manufactured under sustainable conditions offers an opportunity to win over LOHAS consumers, who usually also have substantial spending power. In the ranges offered by METRO Group’s sales brands, foods with the official organic seal or the Fairtrade logo are just two examples of a whole array of sustainable products whose purchase allows consumers to benefit themselves, the environment or society.

Environmentally friendly and healthy: organic food
Whether baby food, cosmetics or wines – it is hard to find a product these days that is not available in organic quality. METRO Group has been selling organic food products in its stores under its own “Grünes Land” (Green Country) label since 1996. The product range has been expanding continuously ever since. At present there are over 600 articles at Real that bear the seal for organic produce.

Further information can be found on the Internet at http://www.bio-siegel.de
Promoting fair trade relations: fair trade products
METRO Group has also been promoting fair trade for many years through an extensive range of products. The sales brands offer over 50 products that carry the Fairtrade logo, ranging from coffee, tea, cocoa and chocolate to honey and fruit juices. The Fairtrade logo guarantees that the production costs and the minimum subsistence level of producers in developing countries is assured. Poor families with small farms and their self-help initiatives in particular are targeted for support by the fair trade programme.

Further information can be found on the Internet at http://www.transfair.org

You will find more sustainable products from the METRO Group’s assortments in the “Supply Chain and Products” section of this report and on the Internet at http://www.metrogroup.de/sustainableconsumption

SYSTEMATIC ANALYSIS OF CUSTOMER NEEDS

The success of METRO Group depends on how well and how quickly its sales concepts meet changing customer expectations. In retailing, talking to customers face-to-face is still the best way of finding out more about their needs and desires. That is why the sales brands make a point of engaging in regular dialogue with their target groups. Systematic customer surveys are carried out in addition to daily consultations and sales talks.

Improved range of service thanks to MetroNom customer survey
In Germany alone, Metro Cash & Carry surveys some 42,000 customers annually at points of sale, asking them about their perception of the company. Some of the criteria touched on by the “MetroNom” survey include range of goods and pricing, availability of products, along with the service and communication offered by a particular store. The survey results are provided to all the relevant employees in the store and at headquarters. Based on its current profile, each store draws up specific goals and action plans for the following year. Information on particularly successful projects is stored in a database, allowing best practices to be exchanged between stores.
Metro Cash & Carry: international customer requirements survey

As economic prosperity increases, so do the demands of consumers, especially in the emerging economies of Asia and Eastern Europe. When basic needs in terms of food and consumer goods have been met and competition intensifies, customer focus becomes the deciding factor for success. To understand the needs and desires of their customers in emerging economies, the regional companies of Metro Cash & Carry International carry out regular focus group discussions.

The “Branding” project allows Metro Cash & Carry International to learn more about the level of awareness of its sales brand in different countries, along with its image relative to local competitors. Based on the results of this brand potential analysis, communication and operational measures to improve market positioning are formulated. Led by Metro Cash & Carry International, the project is carried out at different international locations successively, in close cooperation with the various regional companies.
Real’s customer barometer boosts service and communication

Once a year, Real asks its customers in Germany how they rate its hypermarkets as a shopping destination. With the support of an external market research company, 100 telephone interviews are conducted per store. Customers who shop at Real at least once a month and who have been in the store in the last 30 days are asked for their opinion on freshness and quality, satisfaction with in-store staff, finding what they need, and price labelling.

Since each store is given its individual results, it is possible to work out and implement specific measures that the customer will notice. The results, including those for business divisions where there is a need for improvement, are advertised to all the employees in the store on posters.

At the same time that it surveys its own customers, Real also interviews customers of rival shopping outlets. Since both surveys are based on the same criteria, Real can make direct comparisons about the key domestic competitors and draw conclusions about areas for further improvement.
DEVELOPING CUSTOMER-ORIENTATED PRODUCT RANGES

It is largely the needs and desires of primary customer target groups that determine which goods the sales brands of METRO Group will focus on, along with their scope and presentation in stores.

Selecting product ranges with the customer
In order to identify customer needs at an early stage in the future, Metro Cash & Carry is working to an increasing extent with “focus customers”. Focus customers provide valuable suggestions for selecting classes of goods such as fruit and vegetables, meat, fish or wine, which are particularly important for professional customers. Potential areas for improvement and possible solutions are discussed with the customers. Changes with respect to product ranges or store layout are examined critically and reviewed in terms of their likely acceptance by customers. The content and design of advertising is also adapted to the individual preferences of focus customers.
Category Management enables optimum range of goods

The sales divisions of METRO Group use Category Management to develop ranges of goods that are customer-orientated and will boost sales. Category Management is a corporate strategy unit for administering the interface between procurement and sales. All articles are grouped together in categories according to the needs and desires of customers. This enables large quantities of goods to be bundled together and managed. Random assortments of goods are a thing of the past. Today's customer will always find articles that belong together in one sales area, all within easy reach: for example, product groups such as “Everything for your child” or “Everything for your barbecue”. Category Management ensures that product ranges are set up in the best possible way.

Allowing for national preferences

Apart from the different preferences of individuals, consumer habits can also vary considerably by country, region or cultural area. Goods and services popular with German customers, for example, may not necessarily go down well in other countries. Retail and wholesale companies hoping to be successful in many parts of the world at the same time need to keep a close eye on local requirements. For METRO Group this means monitoring some 2,220 locations in 31 countries.

To take one example, Metro Cash & Carry International recognised several years ago that, with regard to fish, there is a different standard for freshness in China than in Europe, and took this into account when selecting its product range. Because only live fish are considered really fresh, hypermarkets in China offer fish in aquariums.
Media Markt and Saturn: successful thanks to flexibility and local adaptation

Local preferences also define sales concepts at Media Markt and Saturn. The heterogeneous target group of these consumer electronics stores benefits from a decentralised organisational structure that is best expressed by the motto “All business is local”. All consumer electronics store managers are responsible for their own product range, as well as staffing and marketing. This ensures that the range of products for sale is always precisely tailored to the needs of the customers in that area. It also enables rapid response to changing market demands and opportunities. Motivated employees ensure a high standard of customer advice and service in these stores.
Loyalty programmes offer compelling benefits

Loyalty programmes are a proven means for customer retention. In a typical loyalty programme, consumers are given a customer card which allows them to collect points every time they make a purchase. These points can be exchanged for vouchers, free gifts or cash.

METRO Group’s sale brands Real and Galeria Kaufhof participate in the PAYBACK multi-partner programme, the most successful cross-sector and cross-media customer retention system in Germany. The free PAYBACK membership allows users to shop at discounted rates with partner companies across a range of sectors, including retailers, insurance companies and hotels. Since 2000, Real alone has registered 10.1 million cardholders in the programme. A PAYBACK card is presented on more than half of all checkout payments at Real. These purchases account for close to 65 percent of total sales at Real.

CREATING LONG-TERM CUSTOMER LOYALTY

In the saturated markets of Western Europe, a rising number of distribution channels is opening up more and more new purchasing and information options for consumers. At the same time, a multitude of new products and promotional messages vie for their attention each year. The greater the choice when shopping, the less the loyalty to a specific product or corporate brand. To create customer loyalty over the long term, retail companies need to continuously develop their marketing concepts and offer the consumer clearly recognisable added value vis-à-vis the competition.
In addition to discounts and bonus awards, holders of a PAYBACK card issued by Real or Galeria Kaufhof regularly receive direct-marketing e-mails or letters informing them of exciting sales offers, innovative products and trends from various merchandise ranges. The information gathered from the PAYBACK system enables customers to be addressed in a targeted manner: card holders only receive offers that reflect their interests. In 2007, Galeria Kaufhof was the first retail company to win the coveted EDDI award from the German Direct Marketing Association for its outstanding dialogue marketing strategy.


The Customer Relationship Management (CRM) teams evaluate the success of each direct mailing campaign so that its awareness of customer needs can be continually enhanced while also improving the efficiency of its approach. Data protection has top priority for the retail store brands of METRO Group. Only customers who have expressly opted in will receive the mailings.
SERVICE – THE KEY TO SUCCESS

Faced with virtually unlimited purchasing and product options, more and more customers are looking for guidance, advice and information. By offering excellent service, retail and wholesale companies can make the claim to being both different and better than their direct competitors, as well as newer distribution channels such as the Internet.

Expert advice and comprehensive service at Media Markt and Saturn

The consumer electronics stores of Media Markt and Saturn stand for a high level of service as well as a comprehensive range of products. These sales brands offer specialised services such as repair, delivery and installation, and even financing solutions. In the stores themselves, all the products are available for demonstration. In other words, customers can test and compare products on the spot. The stores are clearly laid out so that customers can easily find what they need, even in the midst of such a wide range of products.

Galeria Kaufhof’s shopping experience

With Kaufhof’s Galeria concept, METRO Group offers its customers a unique shopping experience. The Galeria Kaufhof department stores present high-quality, internationally orientated product ranges for lifestyle and fashion. Clearly arranged product worlds and branded shop-in-shops, a contemporary ambience, along with inspiring product presentations, all invite customers to enjoy their shopping experience. Personalised advice and service are the stores’ watchwords. Some of the special services offered include special orders, rest areas in front of the fitting rooms which further improve the quality of service and time spent in the newly designed outlets, or personal colour and style advice service. Blind and visually impaired customers may request a shopping escort free of charge if they notify the store in advance, and a sales assistant will guide them through the product worlds. Cutting-edge multimedia applications also contribute to raising customer satisfaction and the level of service. One particular highlight is the gift service desk: be it for a wedding, birth, christening, anniversary, Christmas or other celebration – customers can compile a wish list for their personal event from the many Galeria-Kaufhof product worlds. Guests can view this list at any time in any of the German branches, then select and purchase a gift.

Further information can be found on the Internet at http://www.galeria-kaufhof.de
OPTIMALLY MANAGING CUSTOMER INQUIRIES

The customer surveys conducted by Real have shown that customer satisfaction depends to a large extent on how quickly and how well enquiries or complaints are handled. Since 1998, the sales brand has offered customers in Germany the option of a free hotline for questions, suggestions or criticism. This line receives an average of 350 calls a day.

In principle, each customer must be contacted within 48 hours at the latest. The hotline is not just used for complaints, however – every fourth call is a request for information about give-aways, repairs or advertising campaigns, for example. Around 60 percent of calls or e-mails are answered by the hotline team immediately.

To further improve the quality of the handling of enquiries, a model has been developed whereby the relevant store manager is informed automatically by e-mail of the status of more complex cases. Moreover, the customers concerned are asked regularly if they are satisfied with the hotline.
To reduce costs and prevent damage to the environment, METRO Group uses energy and other resources sparingly in its own operations and stores. Its impact on climate and the environment is improved through the use of renewable energies and by trying out innovative environmental technologies. METRO Group complies with the principles of sustainable closed-loop recycling by using recycled products for advertising material or through its efficient waste management.
The enormous economic growth in many regions of the world is driving demand for fossil fuels and other raw materials. Limited availability of these natural resources is leading in part to significant price rises on the global market. The increase in resource consumption coupled with the growing world population means that more and more carbon dioxide (CO₂) ends up in the earth’s atmosphere – one of the primary causes of global climate change. The by-products of climate change, such as an increase in outdoor temperatures, floods and other extreme weather phenomena, not only damage the environment, but are having an increasingly adverse impact on economic and social systems.

**ENVIRONMENT**

The production of consumer goods, their transportation and sale as well as their use are associated with various environmental effects. METRO Group is part of the value-added chain that starts with the production of goods and ends with the consumer. It has the greatest influence on environmentally relevant workflows and processes in its own stores and operations.

Energy is used, for example, to operate refrigeration and air-conditioning units, ventilation systems and hot water heaters. Refrigerants that contribute to the greenhouse effect escape from refrigeration units in the stores.

Fuel from fossil-based energy sources is used for goods logistics. Another process that is relatively energy- and resource-intensive is paper production. The sales divisions need paper for their advertising materials, among other things. Packaging waste such as used paper, cardboard and plastic wrap amasses at METRO Group’s locations. This waste needs to be either recycled or disposed of in an environmentally-friendly manner. Fresh water is needed for cleaning purposes and for the sanitary facilities in stores and administrative buildings. There is an additional water requirement in the wholesale and retail stores that sell food to maintain the high quality in the fresh food departments, for example, for fresh fish.

METRO Group also influences the environment and the availability of resources in the structure of its assortment. For more information, please see the “Supply chain and products” chapter in this report.

For 2006, we calculated a company-specific carbon footprint.
To reduce greenhouse gas emissions and costs, METRO Group has now been involved for several years in various projects in the areas of energy management and resource conservation. We have created a company-specific carbon footprint for the first time, with the goal of further intensifying our efforts in environmental and climate protection. It includes the key greenhouse gas emissions associated with our business activities in 2006. The data collected include energy consumption in stores and administrative buildings, goods logistics, refrigerant emissions, paper consumption for advertising materials and business trips by our employees.

To guarantee an objective assessment of our climate impact, we asked an independent third-party to calculate the greenhouse gas emissions. Our project partner was the prestigious Öko-Institut e.V. – Institute for Applied Ecology – in Freiburg. The results of the carbon footprint will allow us to identify additional potential for optimisation, develop measures to reduce emissions and quantify the success of these measures in the future.

The result

In 2006, the CO₂ emissions of METRO Group amounted to 406 kg per square metre of selling space. This represents a total emission of 4.15 million tonnes of CO₂ equivalents. We will be able to transparently track the environmental efficiency of METRO Group at any time using this key indicator – even as the company continues to expand.
ENERGY MANAGEMENT AT THE LOCATIONS

The consumption of electricity and heat at the 2,221 stores around the world accounts for the greatest impact of METRO Group on the environment with 59.7 percent of the total CO₂ emissions. To reduce energy consumption, we are constantly identifying new ways to generate savings and boost efficiency.

The operation of deep freezers and refrigerated shelves for chilled food in our stores is particularly energy-intensive. One-third of the total energy consumption can be attributed to refrigeration. Installing sliding covers on the refrigeration units can cut electricity usage by up to 15 percent. Metro Cash & Carry and Real already use this technology in more than 250 stores around the world. By 2010, all deep freezers in Metro Cash & Carry stores will be equipped with sliding covers.

Promoting employee commitment

When it comes to energy saving, the behaviour of our employees plays an important role. This is why we raise their awareness of opportunities and challenges posed by climate protection. In practical training courses, we show them how they can significantly reduce the company’s overall energy consumption by adopting relatively simple measures. As early as 2002, our administrative sites in Düsseldorf and Cologne organised “energy saving weeks” to teach our employees ways to lower their energy consumption. By measuring their energy consumption they were motivated to setting as high targets as possible. “Energy checks” are mandatory in the Galeria Kaufhof department stores. In Spain, Media Markt and Saturn.

We train our employees to use energy economically.

<table>
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<tr>
<th>Energy consumption in kWh je m²</th>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
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<td>423</td>
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* Excluding Germany

Specific energy consumption per square meter of selling space was reduced last year throughout the group by 3 percent from 460 kWh to 446 kWh. The increase in consumption in Germany by almost 9 percent was primarily a result of the higher energy consumption at the former Wal Mart stores. Increasingly, locations from the main regions of expansion in Eastern Europe and Asia/Africa are included in the data collected. Here, energy consumption tends to be higher due to climatic conditions (heating requirements in Eastern Europe and air-conditioning in Asia). In addition, Metro Cash & Carry is usually the first sales division to be represented in countries where expansion is taking place. The high proportion of chilled areas in the wholesale stores results in an additional increase in energy consumption.
held a competition to lower energy consumption as a measure to increase employee motivation.

**Using renewable energies**

Another component of METRO Group’s energy management strategy involves testing alternative forms of energy supply. When renewable energies are generated, CO₂ is usually not emitted, unlike with coal, oil or gas. METRO Group primarily purchases renewable energies in the form of “green electricity”. A small amount is still produced in our own facilities.

**Solar chilling: air-conditioning using solar power**

In December 2007, Metro Cash & Carry Italy began operating a solar chilling system at its store in Rome-Aurelia. The system, which uses solar power to cool as well as heat the store, is the first of its kind in the Group. It is also the largest solar thermal system in Italy. The energy produced by the solar panels all year-round is used by the Metro Cash & Carry store itself. This reduces the store’s electricity requirements by approximately 12.5 percent. 320 tonnes of CO₂ emissions are also saved every year. The solar thermal system was installed by Metro Cash & Carry as part of a process to modernise its air-conditioning system.

Metro Cash & Carry in Antalya, Turkey, operates a system that is similar in principle but fitted with different solar panels. More solar chilling systems will be installed at other locations depending on the success of this technology during pilot operation.

**EFFICIENT AND ENVIRONMENTALLY-FRIENDLY LOGISTICS STRATEGIES**

To ensure that the right product is at the right place at the right time, METRO Group needs a complex logistics network. 21.2 percent of the Group-wide greenhouse gas emissions are caused by the transport of goods. Most transport services are performed by external logistics service providers. MGL METRO Group Logistics, the internal logistics service provider for the company, also plans and coordinates the shipment of goods from approximately 8,000 manufacturers and suppliers from 80 countries around the world. MGL’s truck fleet comprises 200 own vehicles.

**Ongoing optimisation of goods flows**

MGL is constantly identifying savings reduction potential because cost-effective and environmentally-friendly logistics processes have long been recognised as one of the key competitive advantages in wholesaling and retailing. Huge gains in efficiency have been made over the last few years by restructuring processes and coordinating more effectively with suppliers. It used to be the case that suppliers would often
only deliver a single product line to our stores. Today, MGL collects the goods directly from the suppliers, placing special emphasis on route optimisation and efficient utilisation of truck capacity. The long-distance drivers also receive training on a regular basis to raise their awareness for driving techniques that save fuel. By 2009, MGL plans to switch its complete truck fleet to the Euro 5 Standard. At the end of 2007, it was four percent. We also see to it that our logistics suppliers drive trucks in environmentally-friendly emissions classes. We will also review whether it makes sense to combine different means of transportation for transnational transport.

We rely on cost-efficient and ecologically sustainable logistics processes.

Use of alternative transport options

Galeria Kaufhof successfully transports non-perishable import goods such as textiles or luggage by ship. In Germany, the department stores receive imported goods from 36 shipping ports in Asia. 530,000 suitcases were shipped, for example, to Galeria Kaufhof from these ports in 2006. The larger the transport volume, the lower the cost per unit of freight. This is why ships are both a cost-effective and environmentally-friendly alternative to conventional trucks and cargo planes for transporting larger quantities of freight across long distances. Galeria Kaufhof has imported approximately 100,000 tonnes of freight by international and inland waterways since 2006.

ENVIRONMENTAL OPTIMISATION OF REFRIGERATION UNITS

The food-driven sales brands of METRO Group offer their customers around the world an extensive selection of chilled products. Refrigeration units are essential when it comes to maintaining an unbroken cold chain and hence ensuring high quality standards. Air-conditioning systems in the stores maintain a comfortable temperature in the store for customers and employees even when outside temperatures are high.

The refrigerants that are still in use contribute to the greenhouse effect if they escape into the atmosphere. Refrigerant leaks cannot be avoided completely, even when using the most advanced technology available. To minimise both costs and environmental impact, METRO Group and other companies in various industries are currently seeking more environmentally-friendly solutions. For a long time, the political requirements for handling refrigerants focused on protecting the ozone layer but now stemming the effect of greenhouse gases and climate protection are in the foreground.
Using modern refrigeration technology

In the past, it was common to use chloro-fluorocarbons (CFCs) as refrigerants, one of which is R22. This damages the ozone layer and also adds to the greenhouse effect. METRO Group also still operates some refrigeration systems with R22. In many locations, we have already switched over to systems that use more environmentally-friendly refrigerants. This measure, which is designed to reduce our environmental impact and satisfy current legal requirements, will initially cause our carbon footprint to increase. The most modern HFC refrigerants available, such as R404A or R422D, no longer affect the ozone layer but have approximately double the greenhouse effect of R22.

Refrigerant leaks cause 9.2 percent of the entire CO₂ emissions of METRO Group. The greenhouse effect of refrigerants will increase by 15 to 20 percent following the changeover of all R22 refrigeration units by 2015, as required by European Union legislation. This represents approximately 70,000 tonnes of CO₂ equivalents.

Testing innovative refrigeration systems

At a number of locations, METRO Group is testing new and innovative refrigerants whose impact on the climate is far lower than conventional solutions. Ammonia refrigeration systems are being successfully operated in large cold storage warehouses of MGL METRO Group Logistics. Another climate-friendly alternative are refrigeration units that use carbon dioxide. Metro Cash & Carry has already installed these types of units in Germany and Denmark.

Optimised service and leakage inspections resulted in a drop of 15 percent in the refill rate in Germany in 2007. However, it is still not possible to prevent refrigerant from escaping as a result of malfunctions.

The physical properties of refrigerant make it difficult to check the refill quantity during service. In addition to other measures to reduce leakage, we think it would be wise at an international level to check the plausibility of the information provided in service records.
The quality of recycled paper currently available on the global market is showing a significant decline. This is the result of multiple reuse cycles which reduce the length of the fibres. Consequently, we temporarily increased the percentage of fresh-fibre paper in 2007. In the future, we plan increasingly to ensure that the fresh-fibre paper we use is certified to the FSC standard.

METRO Group uses roughly 330,000 tonnes of paper every year for advertising materials. This causes 8.4 percent of the total CO₂ emissions. More than 95 percent of the paper purchased is handled through MGA METRO Group Advertising GmbH. It makes sure that the percentage of environmentally optimised paper is as high as possible. This means, for example, that all qualities of newsprint paper have to contain between 65 and 100 percent recovered paper fibres. Magazine paper must be made of FSC paper, of chlorine-free bleached pulp and/or be produced with a recycled portion of at least 20 percent. In 2007, 67 percent of the paper purchased by MGA for the sales divisions in Germany was environmentally optimised.
and environmental damage are prevented within the scope of the forest management.

To use more FSC paper in the future and be allowed to use the FSC logo, MGA itself is pursuing certification that meets this standard by end of 2008.

The Real sales division already uses paper from responsibly managed forests for its advertising materials: the 26 million flyers advertising gourmet food items for Easter 2008 were made exclusively from FSC paper. We plan to further expand this commitment.

optimised. Worldwide, 58 percent of the paper used for customer newspapers and magazines was environmentally-friendly.

The production of recycled paper uses significantly fewer resources and is much more environmentally-friendly than the production of fresh fibre paper. The volume of waste is also reduced. However, because the length of the pulp fibres is reduced each time the paper is recycled and hence an important property for paper quality is lost, recycled paper can only be used to a limited extent. The quality of the recycled paper currently available on the global market has already declined sharply. METRO Group’s sales divisions have to rely on paper products made from fresh fibres to continue to provide information to its customers with the high-quality they are accustomed to.

When purchasing paper made from fresh or primary fibres, we give preference to products that satisfy the criteria of the Forest Stewardship Council (FSC) for responsible forest management. To receive the FSC quality seal, forest owners have to guarantee that uncontrolled deforestation, human rights violations and environmental damage are prevented within the scope of the forest management.
EFFICIENT WASTE MANAGEMENT HELPS TO SAVE RESOURCES

The higher the demand for consumer goods, the higher the amount of global waste. Approximately 180 million tonnes of solid municipal waste is produced in the EU member states alone. Waste removal is becoming a large cost factor for public and private households and companies. Space is also taken up by landfills or waste incineration and the burden on the soil, ground water and is increased. Recycling waste, however, creates the opportunity to recover valuable resources such as metal or plastic and reduce its environmental impact.

METRO Group’s sales brands are equally dependent on packaging for storing and transporting their products as their suppliers and customers. Used packaging made of paper, plastic, wood or polystyrene accumulates at the locations. Depending on the assortment structure for some sales brands, it may also be necessary to have food and food leftovers disposed of professionally. The sales packaging for food and non-food products usually accumulates as waste with the customer. And, the products themselves become waste after they are used.

Specific waste volume per square meter of selling space increased slightly by 2.4 percent from 45.1 kg to 46.2 kg in 2007. Compared to 2005, however, we were able to reduce the volume by 11 percent. In Germany, the recycling quota was further increased to a very high level of 93.5 percent, while internationally this figure fell slightly. METRO Group is particularly dependent on local waste management structures for recycling. These structures are fairly weak in some of the main expansion regions in Eastern Europe and Asia/Africa.
Promoting reusable packaging

METRO Group’s waste management strategy is orientated to the principles of modern and sustainable recycling management. The primary goal is to reduce the total volume of waste by avoiding it in the first place. This is why we use as much reusable packaging as possible. For many years, our sales brands have been supplied with products in reusable containers such as freezer boxes, flower containers, pickle and sauerkraut barrels, egg cartons or banana crates. Internationally standardised and reusable folding boxes made of plastic are used to transport fruit and vegetables. Between 2005 and 2007, we were able to reduce waste volume per square metre of selling space by a good 11 percent from 52 kg to 46.2 kg.

Outside Germany, we reached our target of reducing waste volume at the locations by at least 5 percent. While in 2005, 65 kg of waste per square metre of selling space were still being produced, in 2007 it was 7 percent less at 60.5 kg.

Because the design of the packaging can contribute to waste reduction later on, we have asked the manufacturers of our private-labels to limit packaging volume to the necessary minimum and to use materials that can be recycled.

Recycling packaging

In cases where waste cannot be avoided, METRO Group relies on environmentally-friendly recycling. To achieve this, we keep the disposable transport packaging in the sales divisions separate. In some cases, we market the reusable materials contained in the packaging ourselves. In 2007 our recycling quota in Germany was 93.5 percent. At the locations outside Germany it was around 60 percent.

For many years now, we have assumed product responsibility in many European countries by participating in collective return systems. Together with other retailing companies and the industry, we formed the collective disposal system “The Green Dot” – Duales System Deutschland GmbH (DSD) – in 1990. In keeping with the principle of recycling management, collective disposal systems take on the task of nationwide collection of used sales packaging and its subsequent sorting and recycling. Thanks to the groundbreaking concept which “The Green Dot” system introduced, the raw materials...
Spreading high recycling standards internationally

With the international expansion of its sales network, METRO Group is spreading the high recycling levels achieved in its domestic market to other countries as well. We have developed tailored waste disposal concepts for many locations that take into account the unique features of the specific country. In Poland, we began compressing transport packaging into bales and marketing them to paper factories in Poland itself as early as the mid-90s. The shopping centres we have opened since 1999 have their own collection facilities for used packaging.

By participating in collective return systems, we take responsibility for our products.

and energies contained in the products can be recycled and reused.

The principle of manufacturer responsibility has successfully established itself as a model beyond the borders of Germany. To date, the Green Dot brand has been introduced in 25 European countries as a financing symbol for the collection, sorting and recycling of packaging. More than 130,000 companies participate in financing the recycling of materials. Over 270 million Europeans separate their packaging waste via collection systems with the Green Dot. Under the umbrella of the Packaging Recovery Organisation s.p.r.l. (PRO EUROPE, Brussels), all Green Dot systems are working on further developing packaging recycling on an international level and simplifying the transport of goods for internationally active customers.
Raw materials from organic waste
It also makes good economic and environmental sense to professionally dispose of food waste or leftover food. In Austria, our cross divisional service company METRO Group Asset Management is involved in regularly extracting used cooking fat that has accumulated in the grease traps at Metro Cash & Carry and converting it completely to biodiesel. By the end of 2007, nearly 124,000 litres of used cooking fat had been collected separately and converted into just under 100,000 litres of biodiesel. Biodiesel is increasingly in demand as a fuel due to its positive climate impact. For Metro Cash & Carry, the cost of emptying and cleaning the grease traps has at the same time been noticeably reduced.

In Germany, METRO Group Asset Management disposed of just under 26,000 tonnes of food to biogas facilities. These facilities use organic waste to generate energy and thus contribute to protecting limited fossil resources.

Because most of the waste produced within METRO Group can be reused, only a small portion has to be disposed of. Only 19.7 percent of the roughly 475,000 tonnes of waste had to be declared as waste for disposal in 2007. As is the case for recycling, we are also heavily dependent on local infrastructures for waste removal. In Eastern Europe, the portion of waste for disposal is still almost 50 percent.

Our brochure “climate action” you will find on the internet at http://www.metrogroup.de/sustainability

Objectives

- We plan on reducing the specific CO₂ emissions from 406 kg per m² of selling space in 2006 by 15 percent by the year 2015.
- We aim to reduce specific energy consumption per m² of selling space by 3.5 percent from 446 kWh in 2007 to 430 kWh in 2009.
- We aim to reduce the refill rate for refrigerants Group-wide from 18.5 percent in 2007 to 12 percent in 2009. In Germany, the target refill rate should only amount to 6 percent in 2009 compared to 12.3 percent in 2007.
- By 2010, we want to expand the set of key environmental indicators to all countries.
- Our cross-divisional service company MGA METRO Group Advertising GmbH is scheduled for Forest Stewardship Council (FSC) certification by the end of 2008.
- We want to continuously optimise purchasing of environmentally optimised and certified paper for advertising material for our sales brands.
- By the end of 2009, we want the vehicles in our truck fleet to meet the Euro 5 standard (the most environmentally friendly emissions class starting in 2008).
A FORWARD-LOOKING AND INNOVATIVE HUMAN RESOURCES POLICY STRENGTHENS COMPETITIVENESS FOR THE FUTURE

METRO Group offers employees and applicants around the world a wide range of career and development opportunities. By offering ongoing training initiatives and promoting diversity and humane working conditions, it ensures its success in the future and safeguards its leading position as an attractive employer in international retailing.
A high-performing workforce is a key success factor. If a company is to remain competitive and fit for the future, it must continually recruit employees with the requisite skills as well as train young talents. So that qualified specialists and managers remain with a company long-term, they must be offered career development opportunities and their loyalty to the company strengthened.

Hardly any other sector is influenced more by people than the retail sector. To optimally meet the diverse needs of millions of customers around the world, METRO Group is especially reliant on having a sufficient number of qualified, committed and motivated employees.

METRO Group’s continuing expansion outside Germany requires an increasingly international workforce. Especially in the emerging economies where unemployment is low – such as in many countries in Asia and Eastern Europe – the sales divisions face the human resources challenge of retaining well-trained employees over the longer term.

Demographic developments in many European countries are also driving competition for qualified specialists and managers. In the face of falling birth rates, increasing ethnic diversity and the high average age of employees, the development of forward-looking and innovative human resource concepts is becoming ever more important for METRO Group.

METRO GROUP: AN ATTRACTIVE EMPLOYER IN INTERNATIONAL RETAIL

Retail is one of the most employment-intensive sectors. In Europe alone, almost 30 million people work in the retail sector. At METRO Group, the headcount rose again in 2007.
Excluding vocational trainees, an average of 281,455 employees worked for the Group. The total of full-time employees increased by 27,230 – or 12.7 percent – to 242,378.

Fewer part-time employees
Contrary to the sector trend, the percentage of part-time employees declined across the Group to 34.3 percent (compared with 37.5 percent in 2006) and in Germany to 48.2 percent (compared with 48.5 percent in the previous year). The average length of service dropped from 7.6 years to 7.4 years.

Wide range of professions and career opportunities
Whether people are about to embark on their first vocational training programme, are entering the working world after university or are looking for a new professional challenge, METRO Group offers a wide range of career and development opportunities.

In all areas of the company, motivated employees have the opportunity to put their specialist knowledge and skills to the test. First and foremost, the performance and commitment of every individual is what counts. As an equal opportunity employer, we give all employees and applicants equal opportunities in every respect – irrespective of gender, age, ethnic origin, sexual orientation, disability or religion.

Graduates in particular are increasingly opting for international careers. METRO Group is almost unique in offering them the chance within the company to develop their skills across national borders and the sales divisions. Right from the start, management talents have the opportunity to take on varied tasks with a high level of responsibility. In order to drive our international expansion efforts, we need managers who are willing to live in countries with emerging economies and to build bridges between METRO Group’s expertise and sales concepts, on the one hand, and country-specific requirements, on the other.

As competition for the best management talents intensifies, METRO Group is placing ever more importance on the strengths of the people who are already part of the workforce. Our aim is to recruit 75 percent of our managers from within our own ranks. We are also keen to recruit locally in the countries where we operate. Today, more than half of the managers up to middle management level are of international origin. They work together in mixed teams – at all company locations worldwide. In order for our managers to acquire the necessary aptitude and motivation to implement the company’s strategic goals, we focus consistently on international development programmes.

We aim to recruit 75 percent of our managers from within our own ranks.

In 2007, our workforce totalled around 281,455 employees.
The Metro Corporate University is our central institution for training top management. There are seven programmes, attended by well over 300 managers and junior management trainees throughout METRO Group every year. Global leadership and intercultural management are the core topics in management development. The Metro Corporate University cooperates with prestigious external partners such as the Institute for Management Development (IMD) in Lausanne (Switzerland), the University of St. Gallen (Switzerland), and the business school INSEAD in Fontainebleau (France). All members of the METRO AG management board are involved as mentors and speakers. The Corporate University promotes exchange of experience and teamwork that goes beyond strategically significant topics.

In Asia alone, we employ almost 14,000 people. Most of them belong to the local population. As well as their knowledge of the language, local employees have the advantage for us of knowing precisely what customers in the area consume and buy, and can thus optimally adapt our assortments and services to the country’s situation.

At an international level, Metro Cash & Carry focuses on high standards in employee development. To ensure that complex training content is imparted equally to employees at all locations, the sales division has set up training centres in China, Germany, France and Russia. At these “House of Training” centres, employees are prepared for jobs in Metro Cash & Carry stores or in procurement, and receive constant training. Experienced experts from throughout the company provide hands-on instruction on subjects such as food science, food processing, merchandising and store layouts. The training centres help Metro Cash & Carry to meet the high demand for professional service and know-how – with the locations in Moscow and Shanghai catering particularly to the markets in Eastern Europe and Asia.
Media Markt and Saturn: motivated employees deliver high standards of service

To maintain high levels of employee satisfaction, Media Markt and Saturn invest in ongoing professional development. Employees attend regular training programmes in order to ensure a high quality of service and customer advice in the stores. More and more emphasis is placed on willingness to take on responsibility and the ability to work in a team. The training programme includes a wide variety of courses on products and services, and also comprises individual development programmes.

MANY OPPORTUNITIES FOR SCHOOL LEAVERS

METRO Group is one of Germany’s biggest vocational training providers. Across Germany in 2007, some 3,043 school leavers embarked on the so-called “dual system” of vocational training at METRO Group. The total number of vocational trainees rose to 8,766 – which is 1.8 percent more than in 2006.

This dual system of vocational training means that people are trained within companies as well as at vocational schools. While the practical part of training takes place in the company, the vocational school is responsible for teaching theory. Currently, this dual system only exists in the German-speaking countries of Austria, Switzerland and Germany.

Each year, in METRO Group’s sales divisions and companies, thousands of young people participate in one of over 20 vocational training programmes, eventually qualifying as retail assistants, professional drivers or IT specialists, to name just a few examples. Young people who complete their vocational training at METRO Group have attractive opportunities for advancement. Around 40 percent of the current managing directors began their careers as vocational trainees.

We have met our goal of maintaining the above-average level of vocational training throughout the Group. The training rate of 8.5 percent in 2007 is testimony to our socio-political contribution to combating youth unemployment and to meeting the targets of the German government’s training initiative.

Our training rate of 8.5 percent is testimony to our socio-political contribution to combating youth unemployment.
With a pass rate of 96 percent, almost 3,000 METRO Group vocational trainees achieve excellent results in their final examinations every year. Many of them are among the best in their field and their year. Once they have completed their training, we offer young people excellent prospects. On passing their final examinations, more than three-quarters are offered permanent employment. Many are immediately integrated into junior development and promotion programmes – and take their first steps up the professional ladder.

Opportunities for young people in Eastern Europe: Metro Education

Eastern Europe is one of the focal points of METRO Group’s international expansion. As a result, there is a large need for suitable young talents. Because the dual system of vocational training does not yet exist in these regions, we have developed the “Metro Education” training and qualification programme. By supporting teaching at local commercial colleges and making internships available at our sales divisions, we increase young people’s qualifications and boost their start in the world of work.

Metro Education was set up in Poland in 2000. The project was extended to Russia in 2004 and to Romania at the end of 2005. By the end of 2007, over 3,000 young people had participated in Metro Education in Poland and over 3,300 in Russia. By the end of 2008, we plan to extend the vocational training project to the Czech Republic and Slovakia.

By mid-2008, the dual vocational training system should be officially recognised in Poland.

We are currently working on setting up practically orientated and state-recognised vocational training in Russia and Romania, aiming for completion by 2009. Schools, local governments and stores in the various regions are closely involved in these activities.
EuCoCo: educational programmes for international retail

In a move to establish a pan-European network for vocational training in the retail sector, we are participating in the Leonardo da Vinci educational programme EuCoCo (European Commerce Competence). The cross-border programme is sponsored and financed in part by the European Commission and provides comprehensive know-how, skills and competencies relating to practical retail processes. Topics include merchandise management, retail marketing, the check-out service area, as well as customer advice and sales. So far, METRO Group has implemented the modules in Germany. Language versions in Poland, Turkey and France are about to be implemented.

HUMANE WORKING CONDITIONS

Despite international agreements, fair and socially acceptable working conditions are still lacking in many countries. This entails various risks for internationally operating companies: to remain efficient and competitive, companies have a great self-interest in having healthy and motivated employees. Poor working conditions can lead to lost working days, with consequent economic loss, not to mention the harm to a company’s reputation as a socially responsible employer.

Guidelines on fair working conditions and social partnership

In its guidelines on fair working conditions and social partnership, METRO Group has pledged to abide by the standards of the International Labor Organization (ILO) in its own stores and operations. This means that throughout the world we recognise freedom of association, the right to collective bargaining, the eradication of forced labour, the elimination of child labour and equal opportunities at work. The management of the country subsidiaries of the sales divisions is responsible for implementing and monitoring the ILO standards and is assisted at company holding level in Germany.

Euro-Forum as the European works council

At a European level, the METRO Group Euro-Forum has been an important partner in social dialogue since 1999. The Euro-Forum is a pan-European information and consultation platform, with currently around 30 employee representatives from 18 countries. The Euro-Forum serves as the European works council of METRO Group. In view of the company’s increasing internationalisation, it also pursues social dialogue on this level. The delegates meet with the employer’s representatives on a regular basis to exchange information across borders, provide input and consult the Group’s Management Board.

At our stores and facilities around the world, we recognise the basic principles of the International Labour Organization (ILO).
A safe and hazard-free workplace
Throughout the world, METRO Group is committed to providing a safe and hazard-free working environment, to secure the health and productivity of its employees. This means that, as far as possible, preventative measures are in place to prevent work-related accidents and damage to health. If, in spite of our efforts, deficiencies come to light in the area of occupational safety, we act quickly and precisely to implement measures for the removal and future prevention of the hazard.

The promotion of safety at work is an important management task. We therefore expect our managers to act in a consistent and exemplary manner in order to raise awareness and sensitise their employees on issues relating to occupational safety. Our employees regularly receive instruction, training and the necessary equipment so that they can assume responsibility for occupational safety, recognise and avert dangers and risks, and take the required precautions.

In Germany, the number of work-related accidents fell by a good four percent in 2007 compared with the previous year. The number of work-related accidents leading to more than three days of absence from work was 14 per 1,000 employees, which puts the figure for METRO Group below the sector average.

METRO Group health campaign – GO
To make it easier for employees to stay fit and productive in their day-to-day work, METRO Group has been gradually setting up a corporate health management programme since 2004. The guidelines for corporate health schemes and the “GO” health campaign focus on early recognition of risks, preventative health measures, rehabilitation and integration, as well as generally strengthening employees’ awareness and knowledge of health matters. In selected stores and operations in Germany, projects are being tested in which employees can improve their physical and mental fitness and receive tips on healthy eating and ergonomically designed workplaces. We plan to extend those structures and measures that work particularly well to other locations. An interactive intranet site is already available to METRO Group’s employees, who can inform themselves about a wide variety of health issues and related offers.
DIVERSITY – A COMPETITIVE EDGE

Not only the increasingly global nature of business relations requires us to develop a workforce that is as diverse as possible: in countries where due to demographic changes fewer and fewer junior staff are available, in the future we will have to make more optimal use of the labour market’s existing potential. This means involving people who until now have found themselves marginalised in the job market, for example, older employees or immigrants. In addition, actively furthering well-trained women is becoming ever more important.

Levering intercultural competencies

METRO Group’s increasingly international character is clearly reflected in its workforce: around the world we employ people from 159 different countries. In Germany alone, 138 different nationalities are represented. Multicultural diversity offers exceptional opportunities and forms the basis for optimal solutions in an internationally competitive environment. Furthermore, the ultimate objective of METRO Group’s sales divisions is to satisfy the individual needs of each customer. This includes – wherever possible – having mother-tongue employees to cater to our international customers.

Intercultural partnership programme “Newin”

With our intercultural partnership programme “Newin”, we focus on international employees in Germany, enabling them to quickly settle into METRO Group and become familiar with the corporate culture. New employees who come from other cultures are supported by “insiders”. These are experienced employees who act as personal mentor, adviser and helper. They make it easier for the newcomers to adapt to an unfamiliar environment. In addition, insiders and newcomers can exchange ideas and information on a job-related, cultural and personal level, as well as gain new perspectives, impressions and ideas. In 2007, the “Newin” initiative won the Robert Jungk Prize awarded by the German federal state of North Rhine-Westphalia. This prize is the most...
important award for civic commitment in the federal state. In addition, the project won the ENTERPreis award of North Rhine-Westphalia in the “good idea” category.

Metro Cash & Carry Denmark: leading in integration

When it comes to integrating older people and people from other countries, Metro Cash & Carry Denmark takes a leading role. Almost 25 percent of the employees in the wholesale store in the Danish town of Glostrup have immigrant roots. In October 2006, the Danish Prime Minister and the Minister for Integration acknowledged the company’s commitment to fostering a diverse workforce and a balanced age structure.

Benefiting from experience

We regard ourselves as an equal opportunity employer, which means we also encourage older employees. For many years, we have been specifically capitalising on the high professional qualifications of employees who have extensive experience of life and work. In 2007, we recruited 2,250 employees aged over 50 worldwide. Almost 27 percent of the 139,742 people employed in Germany are in the 50+ age group.

We involve our employees in further professional training irrespective of their age. In 2007, for example, more than 100 Real employees were trained to become fishmongers; 19 percent were aged over 50, while 9 percent were aged over 55.

Promoting women in management

Group-wide in 2007, 19.7 percent of management positions were filled by women. To enable us to leverage the high potential of well-qualified female employees, we will continue to systematically increase the proportion of women in management positions.

THE CHALLENGE OF LONG-TERM EMPLOYEE RETENTION

So that our investments in training and educating employees are worthwhile in the long term, we must ensure that qualified managers and specialist staff remain with us for as long as possible. This is a major challenge, particularly for METRO Group’s sales divisions in the emerging economies of Eastern Europe and Asia, where unemployment is low and competition from international companies is increasing. To encourage loyalty to the
company, Metro Cash & Carry has adopted a sustainable human resources retention concept in Russia, China and other growing markets. The dovetailing of monetary and performance-based incentives pays off for both the employer and the employees. The content of the modular training system is tailored to the specific needs of the Metro Cash & Carry stores. Within a maximum period of three years, employees have the opportunity to improve their specialist skills and remuneration – and advance step-by-step from “starter” to “high potential”.

**Measuring employee satisfaction**
To analyse and strengthen employees’ emotional commitment to their jobs, METRO Group has regularly carried out a standardised employee survey since 2003. The uniform nature of the survey enables us evaluate the results using Group-internal and external benchmarks. However, METRO Group is not only interested in the quantitative survey results, but also – and above all – in the possible courses of action that can be derived from them. Managers and their teams work together to devise specific measures to further improve cooperation and performance in the future. In 2007, eleven METRO Group companies in nine countries took part in the standardised employee survey.

**Objectives**

- By the end of 2008, we intend to extend the “Metro Education” vocational training project to the Czech Republic and Slovakia.
- By 2009, we want to implement practically orientated and state-recognised vocational training in Russia and Romania.
- By the end of 2008, we aim to implement the qualification modules of the Leonardo da Vinci educational programme EuCoCo in further language versions in Poland, Turkey and France.

**Additional topics**

- Information on our company pension plan and our policy for severely disabled employees is available in our current annual report.
- Information about the project “Lernpartnerschaften” [learning partnerships] and the “company kindergarten in Düsseldorf” is available at http://www.metrogroup.de/sustainability
SOCIAL COMMITMENT

CREDIBLE SOCIAL COMMITMENT GENERATES TRUST AND LONG-TERM ACCEPTANCE

METRO Group supports social projects and initiatives that are a good fit with its core business. These include making food donations as well as promoting a healthy and well-balanced lifestyle. By doing so, METRO Group actively contributes to the social environment of its stores while strengthening the trust of local stakeholders.
SOCIAL COMMITMENT

Companies and their locations form part of the community. To be successful, they rely on an environment that is intact. This includes a well-functioning infrastructure and institutions, a good educational system, and attractive cultural and leisure opportunities for the company’s own employees. By becoming involved in the community, companies can contribute to strengthening the efficiency and attractiveness of their environment. At the same time, they indicate their willingness to take on responsibility for society as a whole.

As retailer, METRO Group is traditionally located at the heart of society. Close proximity to customers, suppliers and employees has always characterised our understanding of social responsibility. We want the people in the markets in which we operate to gain a tangible benefit from our activities. Just as our business activities are geared to generating profitable growth, our social commitment aims to create sustainable structures around our company locations. We contribute our competence and experience to community projects and initiatives that we can reconcile meaningfully and credibly with our core business.

FOOD DONATIONS FOR PEOPLE IN NEED

An increasing number of households in Europe cannot afford regular meals, clothing and other necessities of life. In Germany alone, between 10 and 14 million people – depending on the calculation model used – live in poverty. These households often abstain from certain food that is essential for a balanced diet. Fresh fruit and vegetables, dairy produce and meat are frequently seen as luxury goods. As one of the largest food retailing companies, METRO Group can help ensure that people in need receive healthy food.

So that this endeavour can be professionally implemented, we support the work of food bank organisations in Germany and at an international level. The goal of these organisations is to distribute food that can no longer be used in the commercial chain to people in need.
Supporting food banks throughout Germany

The stores of METRO Group’s sales divisions Metro Cash & Carry, Real and Galeria Kaufhof support the work of the food banks by making available large quantities of food every year. These goods are faultless in terms of quality but can no longer be sold in the stores due to their expiry dates. Furthermore, METRO Group has been the main financial sponsor of the German food bank organisation “Deutsche Tafel e.V.” for more than two years.

Long-standing partner of the Düsseldorf food bank

We have a special and long-standing partnership with the food bank of the city of Düsseldorf – where our headquarters are located. As well as donating food from our sales brands, we also support the Düsseldorf food bank (“Düsseldorfer Tafel e.V.”) financially and with employees who volunteer when special events take place.

Since summer 2007, we have been the main sponsor of the organisation’s activities for children and young people: the Düsseldorf food bank is now the patron of a project at three schools in Düsseldorf, in which children in need are given lunch. Needy families only pay a fraction of the lunch costs, while the rest is financed by the food bank. METRO Group laid the financial foundations for this initiative. Furthermore, the Düsseldorfer Kindertafel – the food bank’s section for children – provides a hot meal for children who do not have lunch at home or at school.

International food aid

We also plan to step up support for food banks in countries other than Germany. Real Turkey is already a reliable partner for the local food bank. Metro Cash & Carry also donates food at an international level in cooperation with partnered charity organisations. Countries in which the sales division supports people in need include, for example, Austria, Portugal and Ukraine.

We make a contribution to ensuring that people in need regularly receive healthy food.
COMMITTED TO AN ACTIVE AND HEALTHY LIFESTYLE

An unbalanced diet can have serious negative consequences: combined with a lack of exercise, it is a main cause of obesity – which is affecting an increasing number of people in the western industrialised nations. This in turn is leading to a rise in illnesses such as heart disease, diabetes and high blood pressure.

What is particularly worrying is the fact that ever more children and young people are suffering from the physical and psychological effects of obesity. The consequential costs associated with this are not only a strain on national health and social systems, but companies also have to compensate for an increasing number of employees taking time off due to sickness.

Through their stores, retailers come into contact with many people every day. This close proximity to consumers means that they have many opportunities to promote healthy eating and motivate people to adopt a healthy lifestyle.

METRO Group promotes healthy living

METRO Group has been committed to the issues of healthy eating and exercise for many years now. For example, our food sales brands offer nutrition-conscious consumers a large selection of products that are important for a balanced diet. Real alone offers more than 250 different types of fruit and vegetables. Freshly squeezed juices and freshly prepared salads are also available. In addition, it offers many low-fat and low-calorie brand products. At Metro Cash & Carry, professional customers and chefs will find a huge selection of freshly caught fish and seafood specialities.
Because a balanced diet and exercise are equally important for a healthy lifestyle, the “...bewusst einkaufen” campaign takes an integrated approach: healthy products and comprehensible information for customers and employees are closely linked with sponsoring projects in the area of sports. As well as sponsoring popular sports, such as the Real Berlin Marathon, the sales division also targets sporting activities especially for children and young people. One example is the annual Real Junior Cup.

More information on the sports projects that Real sponsors is available on the Internet at http://www.real.de.
Making healthy eating child’s play

In November 2007, METRO Group published a children’s cookbook entitled “Ich koch mir was!” (“I’m going to cook myself something”). This book is designed to get children interested in a balanced diet and at the same time show that healthy eating not only tastes good but is fun too. Four mini chefs accompany the reader through the recipes. From salmon filet with honey sauce to vitamin power shake, over 40 recipes explain the fundamentals of healthy eating in an entertaining way. The profits from “Ich koch mir was!” and other donations totalled around EUR 200,000. METRO Group and its sales divisions Metro Cash & Carry and Real donated this sum to the German food bank organisation Deutsche Tafel e.V.

More information about the children’s cookbook is available on the Internet at http://www.kikobu.de.

Nutritional value clearly displayed

For a healthy and balanced diet, it is important to know about the nutritional value of food. However, the information on food packaging is often too complicated. To give consumers practical help, in 2007 METRO Group became the first retailer in Germany to implement a particularly consumer-friendly labelling system for its private-label products. All the information is clear and can be understood at a glance – even if the customer is pressed for time. The three most important pieces of nutritional information are given on the front of the packaging: the size of the portion, the number of calories in the portion and the percentage of the recommended daily amount. More detailed nutritional information, such as sugar and fat content, can be found on the back of the packaging.
As well as exercise, an active and healthy lifestyle depends on how often and in what quantities certain products are consumed. For this reason, METRO Group’s new nutritional labelling deliberately avoids dividing products into “good” and “bad” food. Systems that colour-code food with red, yellow and green labels, put food in such categories. We would like our customers to select their food in accordance with their own individual lifestyles – with the emphasis on variety, diversification and taste.

We are in the process of labelling all our private labels – from “Tip” stone-baked pizzas and “Aro” quark to “Grünes Land” organic cornflakes. By the end of 2007, almost all of our private-label products had been labelled throughout Germany.

Objectives

- We want to increase our support for food bank organisations on an international level.
- We plan to gradually label all of our private-label products with our nutritional labeling.

Additional topics

- METRO Group Marathon Düsseldorf
  http://www.metrogroup-marathon.de
- Real Berlin-Marathon
  http://www.real-berlin-marathon.com/events/berlin_marathon/2008/
### COMPANY

#### Data range

**2006**

- **Turnover**: 100%
- **Sales**: 100%
- **EBIT**: 100%
- **Net profit**: 100%
- **Personal expenses**: 100%
- **Employees**: 100%
- **Refrigerants**: 53%
- **Environmentally optimised paper**: 95%
- **Water**: 84%
- **Waste**: 80%
- **Recycling quota**: 80%
- **Energy**: 70%

**2007**

- **Turnover**: 100%
- **Sales**: 100%
- **EBIT**: 100%
- **Net profit**: 100%
- **Personal expenses**: 100%
- **Employees**: 100%
- **Refrigerants**: 58%
- **Environmentally optimised paper**: 95%
- **Water**: 80%
- **Waste**: 76%
- **Recycling quota**: 76%
- **Energy**: 92%

#### Sales in million EUR

<table>
<thead>
<tr>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>58,279</td>
<td>64,337</td>
<td>24,824</td>
<td>26,330</td>
<td>19,439</td>
</tr>
<tr>
<td>06</td>
<td>07</td>
<td>06</td>
<td>07</td>
<td>06</td>
</tr>
</tbody>
</table>

#### Financial statements in million EUR

<table>
<thead>
<tr>
<th>Earnings before interest and taxes (EBIT)</th>
<th>Net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,928</td>
<td>2,098</td>
</tr>
<tr>
<td>1,079</td>
<td>1,011</td>
</tr>
<tr>
<td>'06</td>
<td>'07</td>
</tr>
</tbody>
</table>

* Excluding Germany

### SUPPLY CHAIN AND PRODUCTS

#### BSCI social audits

- **Proportion of successfully audited suppliers**: 26.9%
- **Proportion of successfully audited suppliers (active)**: 27.3%
- **BSCI-relevant suppliers (active)**: 428
- **Of these, suppliers who passed the audit**: 484

Active suppliers were those from countries classified as risky by the BSCI who supplied METRO Group with clothing, shoes and toys for the EU market in the relevant year. Suppliers who pass the audit can demonstrate that the SA8000, ICTI or BSCI standards have been successfully implemented by showing a certificate from an independent third party.
The specific energy consumption (electricity, gas, heating oil and district heat/cooling) of METRO Group’s stores in relation to the selling space. Energy consumption varies significantly in some cases depending on the size of the chilled areas and the geographic location and/or climate.

Increasingly, stores from the main regions of expansion in Eastern Europe and Asia/Africa are included in the data collected. Here, energy consumption tends to be higher due to climatic conditions (heating requirements in Eastern Europe and air-conditioning requirements in Asia). In addition, Metro Cash & Carry is usually the first sales division to be represented in countries where expansion is taking place. The high proportion of chilled areas in the wholesale stores results in an additional increase in energy consumption.

### Energy consumption in kWh per m²

<table>
<thead>
<tr>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>'06</td>
<td>446</td>
<td>446</td>
<td>430</td>
<td>430</td>
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<tr>
<td>'07</td>
<td>401</td>
<td>401</td>
<td>401</td>
<td>401</td>
</tr>
<tr>
<td>'09</td>
<td>422</td>
<td>422</td>
<td>423</td>
<td>423</td>
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<td></td>
<td></td>
<td></td>
<td>649</td>
<td>649</td>
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<td>596</td>
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<td>475</td>
<td>475</td>
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<td></td>
<td></td>
<td></td>
<td>489</td>
<td>489</td>
</tr>
</tbody>
</table>

* Excluding Germany

### Waste volume in kg per m² / Recycling quota in %

<table>
<thead>
<tr>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>'06</td>
<td>45.1</td>
<td>39.3</td>
<td>48.5</td>
<td>58.5</td>
</tr>
<tr>
<td>'07</td>
<td>44.2</td>
<td>38.8</td>
<td>43.5</td>
<td>41.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>73</td>
<td>70.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>70.4</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>57.1</td>
<td>78.8</td>
</tr>
</tbody>
</table>

* Excluding Germany

Specific waste volume (waste for disposal, for recycling or recovery, hazardous waste and organic waste) of METRO Group’s stores in relation to selling space.

The recycling quota is calculated on the basis of the quantity of waste for recycling or recovery and the organic waste in relation to the total quantity of waste.

METRO Group is particularly dependent on local waste management structures for recycling. These structures are fairly weak in some of the main expansion regions in Eastern Europe and Asia/Africa.
The following types of paper are considered environmentally optimised: newspaper print papers contain 65–100 percent recovered paper fibres. Magazine papers are FSC-certified or made of chlorine-free bleached pulp and/or with a minimum recovered paper content of 20 percent. The percentage of these types of paper is calculated in relation to the total quantity of paper purchased for advertising materials and brochures. Office paper is not included.

Specific water consumption of METRO Group’s stores in relation to selling space. Water consumption varies significantly in some cases depending on the geographic location and hence, the prevailing climatic conditions.

The use of fish tanks at Metro Cash & Carry results in considerably higher water consumption than for other sales formats.

Quantity of refrigerant that, according to the service records of the refrigeration companies, was refilled in the commercial refrigeration systems of Metro Cash & Carry and Real in relation to the overall quantities of the systems. Refrigerant has to be added due to emissions caused by leaks or malfunctions such as pipe ruptures or when exchanging one kind of refrigerant for another (H-FKW instead of H-FCKW).

The following types of paper are considered environmentally optimised: newspaper print papers contain 65–100 percent recovered paper fibres. Magazine papers are FSC-certified or made of chlorine-free bleached pulp and/or with a minimum recovered paper content of 20 percent. The percentage of these types of paper is calculated in relation to the total quantity of paper purchased for advertising materials and brochures. Office paper is not included.
**EMPLOYEES**

**Number of employees (full-time equivalents)**

<table>
<thead>
<tr>
<th></th>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong></td>
<td>215,147</td>
<td>94,066</td>
<td>48,905</td>
<td>56,117</td>
<td>12,059*</td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td>242,378</td>
<td>102,636</td>
<td>51,750</td>
<td>48,905</td>
<td>13,971</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>457,525</td>
<td>204,692</td>
<td>99,655</td>
<td>84,057</td>
<td>26,030</td>
</tr>
<tr>
<td><strong>'06</strong></td>
<td></td>
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<tr>
<td><strong>'07</strong></td>
<td></td>
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</tr>
</tbody>
</table>

* Excluding Germany

**Personnel expenses in EUR millions**

<table>
<thead>
<tr>
<th></th>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries and wages</strong></td>
<td>6,243</td>
<td>5,144</td>
<td>5,613</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social security contributions and expenses for pension benefits and welfare</strong></td>
<td>1,000</td>
<td>1,166</td>
<td>1,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,243</td>
<td>5,144</td>
<td>5,613</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>'06</strong></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>'07</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

* Excluding Germany

Personnel expenses include wages and salaries, social contributions and expenditures for pensions and related employee benefits. Wages and salaries also include taxes on wages and the employer contribution to social insurance. Social contributions include contributions to insurance for pensions, health care, unemployment benefits and long-term care as well as contributions to the employers’ liability insurance association (accident insurance).

Support contributions include, for example, subsidies for on-site meals.

**Women in management positions in %**

<table>
<thead>
<tr>
<th></th>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>'06</strong></td>
<td>19.3</td>
<td>15.6</td>
<td>18.4</td>
<td>17.9</td>
<td>29.0</td>
</tr>
<tr>
<td><strong>'07</strong></td>
<td>19.7</td>
<td>16.4</td>
<td>17.9</td>
<td>31.1</td>
<td>26.3</td>
</tr>
</tbody>
</table>

* Excluding Germany

Levels 1–3 (Management Board, executive management, divisional managers, departmental managers and store managers) are considered management positions. The proportion of female employees in these positions is calculated.

**Employee turnover rate in %**

<table>
<thead>
<tr>
<th></th>
<th>METRO Group</th>
<th>Germany</th>
<th>Western Europe*</th>
<th>Eastern Europe</th>
<th>Asia/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>'06</strong></td>
<td>22.6</td>
<td>12.9</td>
<td>29.8</td>
<td>32.4</td>
<td>21.2</td>
</tr>
<tr>
<td><strong>'07</strong></td>
<td>24.1</td>
<td>14.6</td>
<td>34.2</td>
<td>32.4</td>
<td>24.1</td>
</tr>
</tbody>
</table>

* Excluding Germany

Turnover is defined as all employees leaving, i.e. those who retire, die or give in their notice. The turnover rate is the number of these persons leaving in relation to the average number of employees.
SUPPLY CHAIN AND PRODUCTS

Objectives

Sustainable food
- By the end of 2008, we want to have 80 MSC-certified products in our fish product assortment.

Animal welfare
- Given the diversity of animal welfare issues METRO Group seeks also dialogue with the experts. We consider in particular the close cooperation with the entire supply chain and other stakeholders especially necessary in order to effectively and sustainably safeguard the animal welfare topic. We set value on taking into account the needs of customers and not creating isolated solutions.

Quality assurance non-food
- We want to have all non-food suppliers audited for compliance with the requirements of the BRC Consumer Product Standard.

Securing social standards
- We want to continuously increase the proportion of suppliers who pass the social audit through intensive training and instruction.

ENVIRONMENT

Objectives

CO₂ emissions
- We plan on reducing the specific CO₂ emissions from 406 kg per m² of selling space in 2006 by 15 percent by the year 2015.

Energy management
- We aim to reduce specific energy consumption per m² of selling space by 3.5 percent from 446 kWh in 2007 to 430 kWh in 2009.

Continuous reduction of refrigerant use
- We aim to reduce the refill rate for refrigerants Group-wide from 18.5 percent in 2007 to 12 percent in 2009. In Germany, the target refill rate should only amount to 6 percent in 2009 compared to 12.3 percent in 2007.

Data range
- By 2010, we want to expand the set of key environmental indicators to all countries.
OBJECTIVES

ENVIRONMENT

Objectives

Resource conservation
- Our cross-divisional service company MGA METRO Group Advertising GmbH is scheduled for Forest Stewardship Council (FSC) certification by the end of 2008.
- We want to continuously optimise purchasing of environmentally optimised and certified paper for advertising material for our sales brands.

Logistics
- By the end of 2009, we want the vehicles in our truck fleet to meet the Euro 5 standard (the most environmentally friendly emissions class starting in 2008).

EMPLOYEES

Objectives

Training
- By the end of 2008, we intend to expand the "Metro Education" training project to the Czech Republic and Slovakia.
- By 2009, we want to implement a practically orientated and officially recognized vocational training scheme in Russia and Romania.
- We plan to deploy the qualification modules of the Leonardo da Vinci training program EuCoCo in other languages in Poland, Turkey and France by the end of 2008.

SOCIAL COMMITMENT

Objectives

Food donations
- We want to increase our support for food bank organisations on an international level.

Promotion of an active lifestyle
- We plan to gradually label all of our private-label products with our nutritional labeling.
Our fourth Sustainability Report underscores our commitment to Corporate Social Responsibility (CSR) and documents our environmental and social activities. The printed report is supplemented by the sustainability pages of METRO Group on the Internet at

http://www.metrogroup.de/sustainability

The primary target groups of the report are investors and analysts, the expert public and the specialist staff and management of METRO Group. Because a single medium cannot meet the informational needs of our diverse stakeholders, we have developed other tools to communicate sustainability to customers, employees, business partners and other key target groups. These include, among others, the Internet and intranet pages of METRO Group and its sales divisions, as well as information that we communicate directly in our stores or in our advertising material.

The selection of topics covered in this report is determined by the environmental and social areas which we believe currently represent the greatest challenges for METRO Group. We have also drawn on valuable input from surveys conducted by sustainability-oriented rating agencies and from personal discussions held with our primary target groups. Working together with the well-known opinion research institute TNS EMNID and Kuhn, Kammann & Kuhn, Cologne, an agency for business communication, we asked analysts, our own executives and representatives of the expert public in the spring of this year to fill in a written survey about their assessment of our sustainability communication.

The reporting framework included our 2006 and 2007 business activities. The Extra super-markets that were sold and reported as a discontinued operation were not included. The financial data and some of the key personnel figures were taken in full from the relevant business reports. Other key personnel figures were taken from an internal database of the respective department of METRO AG. The key financial and personnel figures relate to all consolidated Group companies. Several key personnel figures such as the number of trainees are only available for Germany. The sales divisions provided the key environmental figures using predefined forms and internationally recognized definitions.

The content of the report has been reviewed by the employees responsible for this area and approved by the Management Board of METRO Group.

The report is published in German and English, the editorial deadline was June 1, 2008. Our next sustainability report is scheduled to be published for the 2010 Annual General Meeting.

We have used the male form of address throughout this report for the purpose of simplification. Of course, this form includes all of our male and female employees, male and female customers and other groups of people who are mentioned.
This sustainability report is printed on FSC-certified Arctic-the-Volume paper. It is made of wood fibres that come from responsibly managed forests and is certified according to the strict criteria of the Forest Stewardship Council (FSC). All of the printing inks used are environmentally friendly and do not contain solvents.

This sustainability report contains statements about the future. These types of predictions are based on certain assumptions and expectations at the point in time that this report was published. They are therefore associated with risks and uncertainties and the actual results can vary significantly from the predictions described in this report. A large number of these risks and uncertainties is determined by factors that are not within METRO Group’s sphere of influence and can also not be reliably estimated today. These include future market conditions and economic developments, the behavior of other market participants and legal and political decisions. METRO Group also does not consider itself obligated to publish corrections to these predictions to reflect events or circumstances that occur after the publication date of these materials.