WHEN QA MEETS SUSTAINABILITY

Global Quality Assurance
Metro AG
Amsterdam, 19 June 2024
Sally Elsherif
Elza Palenik

CONTENT

- ABOUT METRO
- GLOBAL QUALITY ASSURANCE
- GQA STRATEGY
- PRODUCT AND SUPPLIER MANAGEMENT
- ESG STRATEGY

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Digital Solutions

METRO AT A GLANCE

METRO

Pure wholesaler

We are a pure wholesaler for customers in the hotel, restaurants and catering (HoReCa) industry as well as independent merchants (Traders).

Multichannel business model

We combine a wide network of modern wholesale stores with an extensive delivery service (Food Service Distribution/FSD) and an online marketplace, all supported digitally.

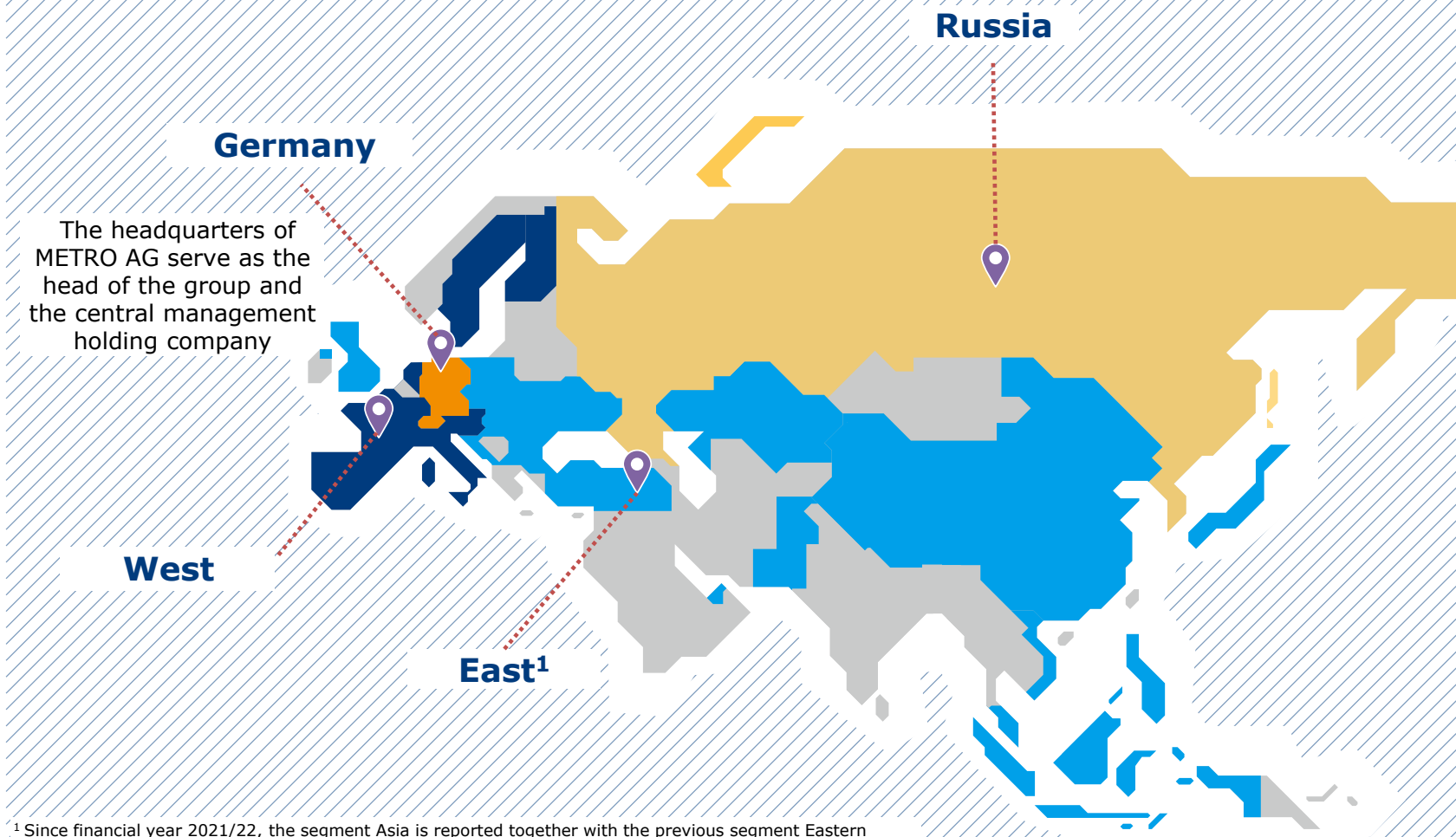
OTHER BUSINESS AREAS

Service companies

The Others segment includes entities such as the service companies, which provide services within the group in the areas of real estate, logistics, information technology, advertising and procurement.

Digitalisation activities

The group's digitalisation activities are also bundled in this segment.



[1] Since financial year 2021/22, the segment Asia is reported together with the previous segment Eastern Europe as segment East. The previous segment Western Europe is reported as segment West.

As of: 30 September 2023

METRO AT A GLANCE

30,6 billion €

Group revenue

89,000

Employees

METRO AG Headquarter
Düsseldorf, Germany

32

Countries

625

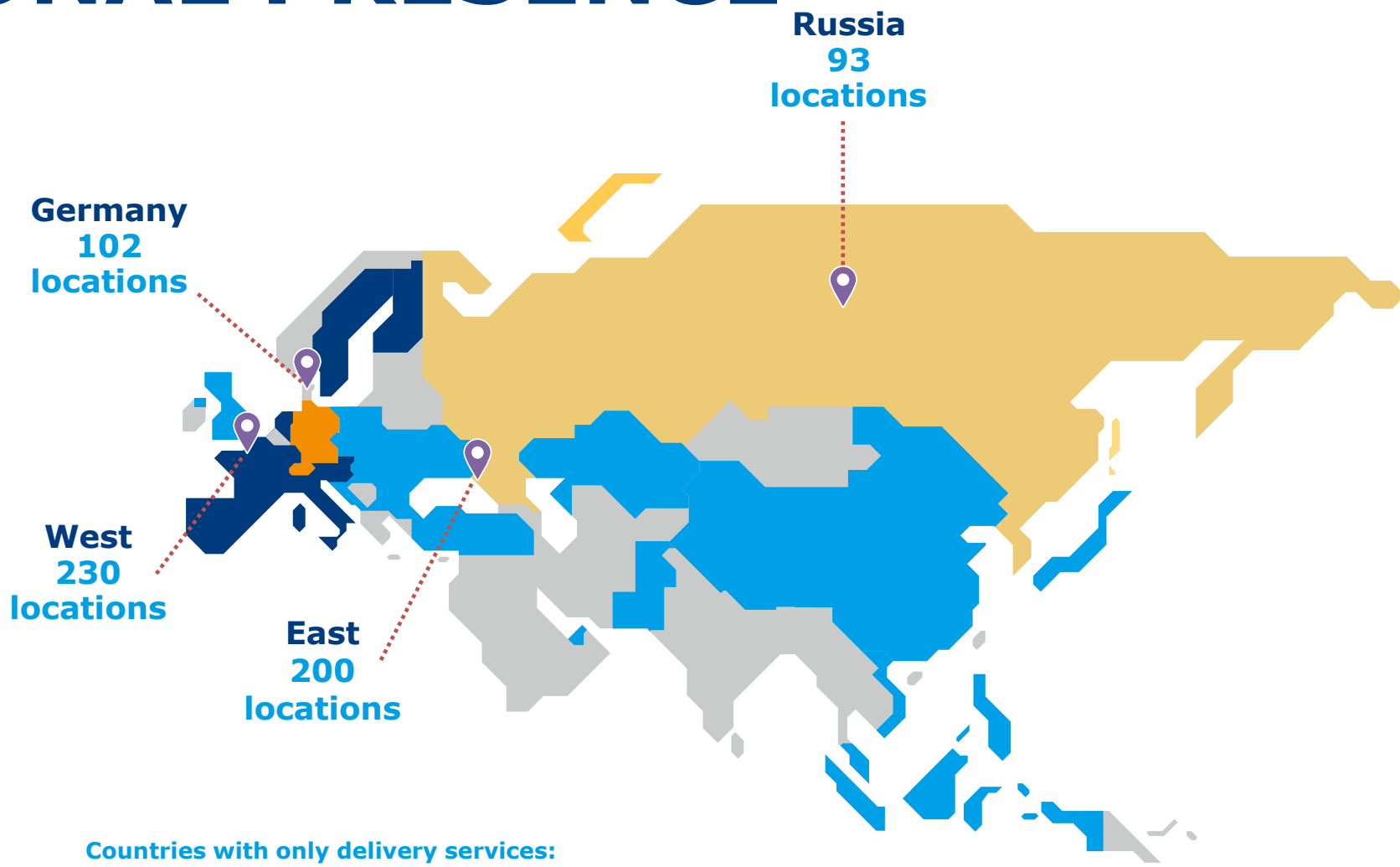
Locations

METRO

INTERNATIONAL PRESENCE

METRO
625 locations

- 102× Germany
- 99× France
- 93× Russia
- 49× Italy
- 37× Spain
- 34× Turkey
- 30× Romania
- 29× Poland
- 26× Ukraine[1]
- 18× Austria
- 17× Netherlands
- each 13× Czech Republic, Hungary
- 11× Bulgaria
- each 10× Portugal, Croatia, Pakistan
- 9× Serbia
- each 6× Kazakhstan, Slovakia
- 3× Moldova

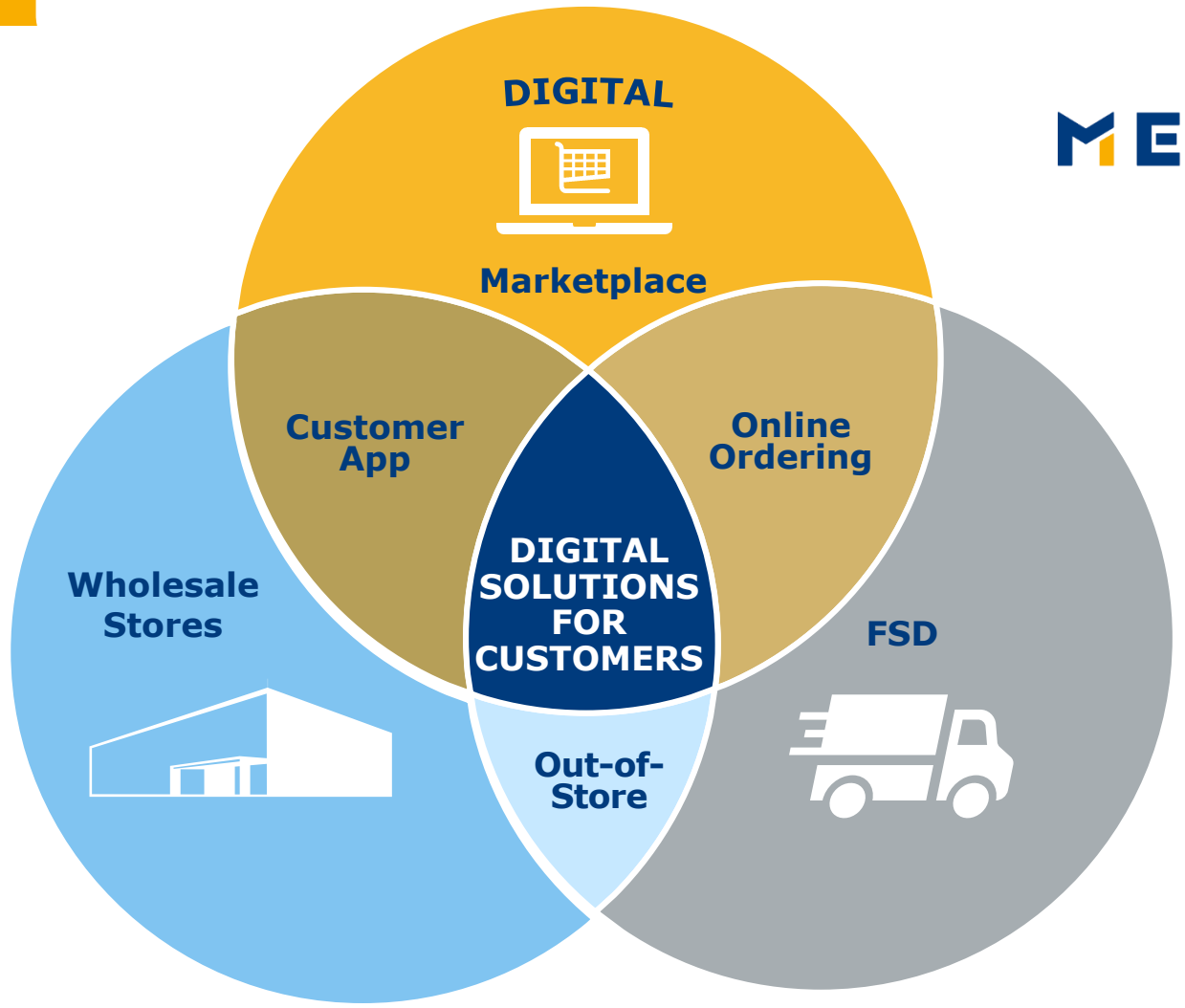


Countries with only delivery services:
China, Finland, Indonesia, Japan, Malaysia, Singapore, Sweden, Switzerland, United Arab Emirates, United Kingdom, Vietnam

[1] 2 Markets in Ukraine are temporarily non-operational due to the war.

As of: 30 September 2023

MULTICHANNEL BUSINESS MODEL



METRO sCORE
Wholesale to the max

Our strategy is named **sCore.** We intend to score the goals we are aiming for. Everything it takes to achieve this is at our very core: **METRO** is wholesale.

METRO

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METRO Quality Assurance

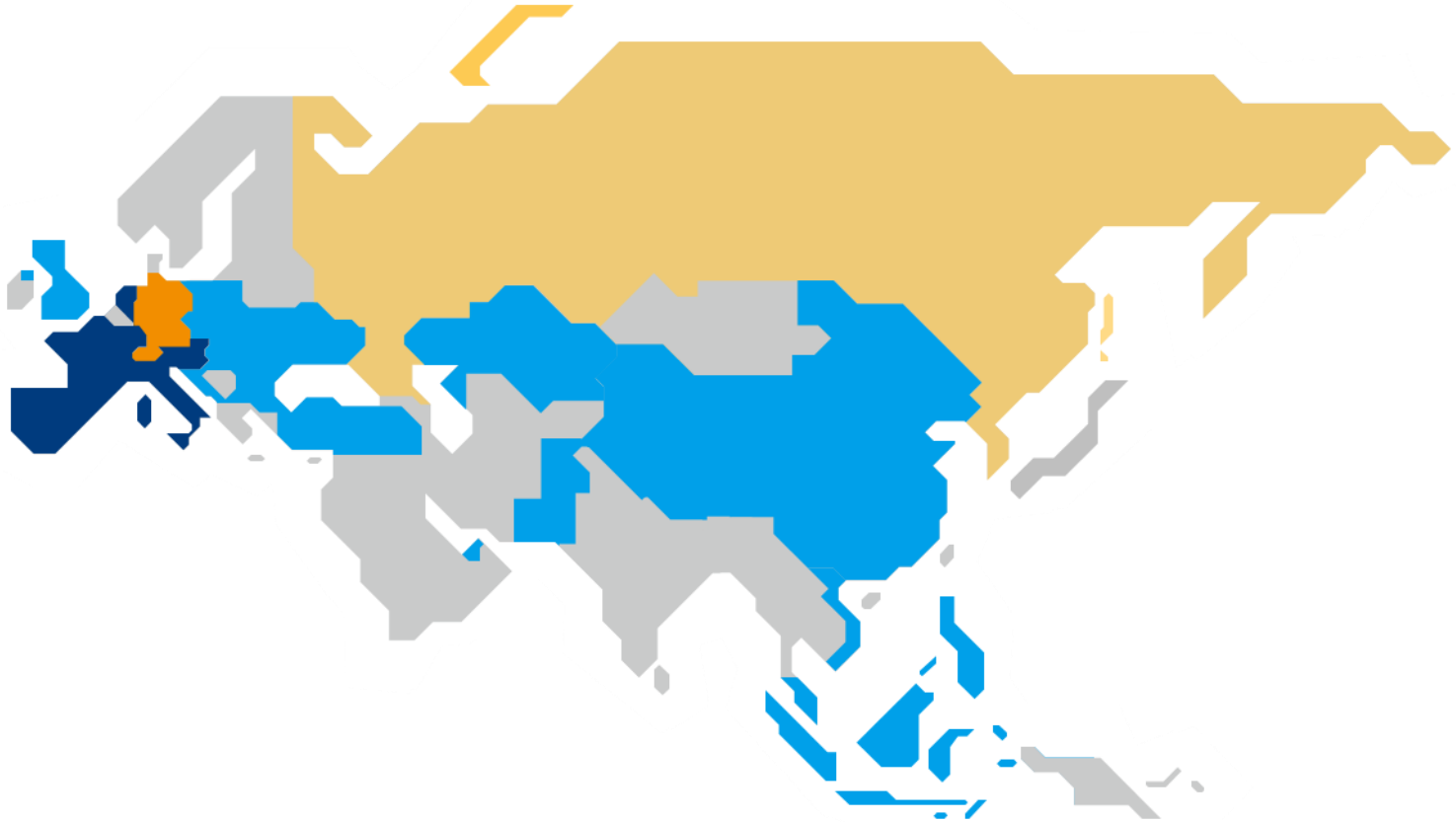
WHO WE ARE

32 Countries

> 350 QA Colleagues around the world

Combined experience in **Food Industry, Retail, Wholesaler, Food Service**

Education: **Food Technology, Chemistry, Nutrition, Veterinarian Medicine, Food Law, Mechanical Engineer**



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METRO
Global Quality Assurance

WHAT WE DO

Develop **METRO Own Brands Products**

Secure **Safety & Quality** of products

METRO GQA development, implementation and assessment for corporate and countries)

Innovation & Digitisation of QA processes

Audit Suppliers /Stores / Warehouses / FSD Delivery Service…

Organize QA Trainings & Technical support on HACCP, Hygiene, Incidents & Crisis, product knowledge etc.

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METRO sCORE
Global Quality Assurance

- Ensure **Safety** & desired **Quality** of products & services
- Bring value & efficiency in **Own Brands** & **Ultra Fresh** & **Multichannel**

Digitisation

- **Efficiency in Execution** through **E2E Digitised Quality Management System** along entire organization

M | QUALITY EyeQuestion® M | QC Platform M | QC HACCP M | QAudits

Own Brand & UF QA Excellence

- **Processes optimization & standardization** for Common Sourced and Local Sourced Projects
- Integration in the OB process **3 key elements**:
  - ✓ Market **Benchmark** definition
  - ✓ **Chef** involvement
  - ✓ Competitive **Differentiation**

Multichannel QA Excellence

- **Efficient Quality Management System** (QMS) E2E Supply chain
- **Integration** of **new Sales Channels** in Metro Quality Management System

GQA Governance

- METRO Global **Quality Standards & Policies**
- Global Quality **Assessments**
- **KPI** Monitoring
- **Expertise:** capacity building & technical support

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Reliable Producer?

Raw Material - Safe Origin?

Sustainable sourcing?

Benchmark

Supply Chain – Temperature?

Supply Chain – Safe packaging?

METRO

Think Ahead Think Quality!

M | QUALITY

CUSTOMER NEEDS & DEMANDS

PRODUCT REQUIREMENTS

SAMPLES EVALUATION (TENDER)

EyeQuestion®
Innovate Smarter and Faster

SUPPLIER SELECTION

M | QAudits

PRODUCT LAUNCH

M | QC Platform

QUALITY MONITORING

M | QC HACCP
M | QAudits

Click **HERE** to know more about our ***Digital Solutions***

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METRO
Global Quality Assurance

CUSTOMER NEEDS & DEMANDS

Key Sources of Information

- **Customers / Sales Force** feedback, Sales analysis
- **Market Research** & **New Trends**
- **Benchmark / Reference Product** review

> 17 Million
METRO Customers Worldwide

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PRODUCT REQUIREMENTS

Requirements to be met

- **Food Safety & Legal** compliance for all METRO countries
- **Quality Differentiation** USP (Unique sales proposition)
- **Health & Nutrition** Health and Nutrition policy (Less of, free from...)
- **Packaging** Easy to use, practical,

plastic savings, etc.)

- **Sustainability** Polices Implementation for example (Palm oil, soy, fish ...)

> 59.000
OB SKUs

M | QUALITY, an end-to-end Digital Solution for **Own Brand Quality Management**

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SAMPLES EVALUATION(TENDER)

CUSTOMER NEEDS & DEMANDS | PRODUCT REQUIREMENTS | **SAMPLES EVALUATION (TENDER)** | SUPPLIER SELECTION | PRODUCT LAUNCH | QUALITY MONITORING

Professional Customers/ Chefs select products based on

- **Sensory** tasting
- **Fitness for Use** check
- **Packaging** usefulness

METRO PRODUCT ASSESSMENT CENTRE

METRO Chef | METRO Premium | METRO PROFESSIONAL

> 3.500
International Projects Samples tested with Chefs/Year

> 50
Trained FTE, capacity Building activities

EyeQuestion®, a professional Digital Solution for **Sensory Analysis**
Innovate Smarter and Faster

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SUPPLIER SELECTION

CUSTOMER NEEDS & DEMANDS | PRODUCT REQUIREMENTS | SAMPLES EVALUATION (TENDER) | **SUPPLIER SELECTION** | PRODUCT LAUNCH | QUALITY MONITORING

Key Selection Criteria

- **GFSI Certification** production sites and Brokers
- **Supplier Audits (MAS Checklist)**
- **Product Specification fulfilment**
- Potential **Differentiation** of our **OB Product**
- Compliance with **sustainability policies**

~ 4.800
OB Food Suppliers

> 87%
OB Food Suppliers GFSI certified

… building trustworthy relationships with its suppliers.

M | QAudits, a digital solution for **Audits Management**

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QUALITY MONITORING

CUSTOMER NEEDS & DEMANDS | PRODUCT REQUIREMENTS | SAMPLES EVALUATION (TENDER) | SUPPLIER SELECTION | PRODUCT LAUNCH | **QUALITY MONITORING**

Systematic follow up

- **Lab check** of each article in accredited Laboratories
- **Sensory Check of** products in tasting sessions with our Chefs
- **Customer Complaints Management** by the QA Experts
- **Supplier Certificate monitoring** (Food Safety, Sustainability)

METRO PRODUCT ASSESSMENT CENTRE

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Challenges

- **Unqualified GFSI certified suppliers**
- **In some cases, basic requirements are not implemented**
- **No sense of urgency with food safety/quality topics**

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METRO’s
ESG STRATEGY
Next Gen Offer

THE WORLD IS NOT ENOUGH

Global bio capacity is overused

2020

1.7 PLANETS

NEEDED TO SUPPORT OUR DAILY ACTIVITIES (WWF)

2050

OVERPOPULATION

CLIMATE CHANGE

HUNGER

EARTH OVERSHOOT DAY

Date when humanity's demand for ecological resources and services exceeds what Earth can regenerate in a given year.

www.overshootday.org/

1 Aug 2024 2 Aug 2023

28 Jul 2022 29 Jul 2021

22 Aug 2020 29 Jul 2019

1 Aug 2018 2 Aug 2017

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AND METRO HAS A BIG STAKE IN IT, BECAUSE…

…THE WORLD'S CHALLENGES ARE THE CHALLENGES OF OUR BUSINESS AS IT IS BASED ON TRADING WITH RESOURCES.

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ESG WITH WHOLESALE PERSPECTIVE

Customers
Becoming conscious of their product choice looking for differentiation in the B2B segment

Competitors
Using sustainability leadership as a competitive advantage

Suppliers
Transforming producing practices: environmental and socially compliant and transparent assortment required

Investors
Requiring transparency about impacts and risks

Regulators
Introducing new supply chain and product requirements

Employees
Looking for pride in their employer's practices and products

NGOs & Media
Addressing gaps and unveiling problematic practices, requesting transparency and disclosure

Internal stakeholders

External stakeholders

Marketing

Sourcing/ OB / QA

IR

CPP

HR

Comms

Local CR teams

Steering Collaboration & Coordination

METRO

CR Department

Strategic CR Management
Issue Management
Stakeholder Management
Cooperation / Partnerships
Monitoring
Reporting
Communication

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METRO

ESG PRIORITIES

We drive our ESG strategy as a core of our corporate strategy.
We are committed to grow our business operations responsibly.
We expand our sustainable assortment and drive ethical business conduct with our partners.

REDUCING OUR CO2 FOOTPRINT

100% RELIANT PARTNER FOR OUR EMPLOYEES & CUSTOMERS

TAKING CARE OF OUR PEOPLE

Climate & Carbon

Reduce emissions & waste in our operations and contribute to a low carbon food system

Ethics & Trust

Ethical & transparent supply chain, trusted partner for our customers. Responsible sourcing

Diversity, equity & inclusion

We care for the health & well-being of our people: "ONE METRO" culture that unites us.

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ETHICS & TRUST

We contribute to robust supply chains through transparency and risk management

Social Compliance in own operations & Supply Chain

Transparency & Responsible sourcing

100% Compliance with Supply Chain Due Diligence (Acts)

100% Own brand Social compliance by 2030

50% Traceability across categories (Ultra Fresh & Own brand)

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Social Compliance

„Respect for human rights is one of the fundamental values of METRO, as formalized in our Value Declaration on Human Rights and Environmental Concerns.”

Roadmap

METRO ACCEPTED SCHEMES

- **FSSC 24000**
- SSCI approved schemes
- Amfori BSCI
- Sedex SMETA
- ...

Non Food implementation 2012

Near Food implementation 2019

Food implementation 2019

Process steps

01 Collect supplier name, address

02 Collect associated producers name, address

03 Associate risk status

04 Collect social compliance audits

05 Evaluated by CR responsible

06 Register & maintain data in dedicated system

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METRO'S EXISTING SUSTIANABILITY COMMITMENTS ASSORTMENT-RELATED

Commitment	Scope	KPI	Effective from
Social Compliance	"Risky" Own Brand, No-Name and Ultra Fresh producers (e.g.producing in risk countries)	Number of risky producers with audit result a) at least "C" or comparable* for non-food producers and b) any audit result for near-/food producers	May 2019
Fish & Seafood	TOP 12 fish and seafood species (own brand and producer/no name brand)	Turnover sustainably certified products or products from a FIP / AIP	Nov 2020
Palm Oil	Own Brand and A-Brand	SKUs of Roundtable for Sustainable Palm Oil (RSPO) certified products	Nov 2020
Soy	Own Brand and A-Brand	SKUs of Tier 1 (direct soy) and Tier 2 (soy used as animal feed) sourced from areas which are verified as zero deforestation	April 2019
Paper & Wood	Own Brand (products with wood/wood pulp > 50% of the finished product by weight), collaborative approach with A-Brand /other stakeholders	SKU's FSC,PEFC certified and recycled material certified (other standards also apply)	Nov 2020
Packaging	Own Brand	SKU's revised in accordance 5 R principle, SKU's FSC certified, plastic volumes saved in tonnes	July 2018

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METRO'S EXISTING SUSTIANABILITY COMMITMENTS ASSORTMENT-RELATED

Commitment	Scope	KPI	Effective from
Single-Use Plastics	Own Brands & Brands	Number of SKU's from alternative material	Nov 2020
Health & Nutrition	Own Brands	Number SKU's "Less of" & "free from	May 2019
Meat	Own brand and producer's brand / no name meat products	Refer to KPI's from policies / commitments on animal welfare, Animal Feed (soy), Social Standards, Traceability	December 2020

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Thank you

Questions?

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