ANNUAL GENERAL MEETING OF METRO AG, 24 FEBRUARY 2023

ANNEX TO AGENDA ITEM 8 –

REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF METRO AG

STARTING AS OF FINANCIAL YEAR 2022/23

REMUNERATION SYSTEM

Upon recommendation of the Presidential Committee, the Supervisory Board of METRO AG resolved on 22 September 2022 to further develop the remuneration system for the members of the Management Board that was approved by the Annual General Meeting on 19 February 2021. This targets at incentivizing the long-term and sustainable implementation of the corporate strategy as directly as possible.

The changes concern the long-term variable remuneration (long-term incentive, LTI) starting as of the financial year 2022/23:
- The LTI plan type remains unchanged a performance cash plan.
- The new LTI performance parameters are business transformation at 40%, free cash flow at 40% and sustainability (environmental/social/governance, ESG) at 20%.

The Supervisory Board will grant the LTI tranche 2022/23 to the members of the Management Board only after presentation of this enhanced remuneration system to the Annual General Meeting and its approval.

Target setting of remuneration system and reference to strategy

The corporate strategy sCore 2030 for METRO group (hereinafter also referred to as METRO) presented to the capital market in January 2022 is exclusively focused on wholesale. Besides increasing the customer added value by consistently aligning the product assortment and price positioning to the needs of professional customers, this also includes expanding the multichannel customer experience. In this context and in order to expand the delivery business, the strategy includes optimising the existing network of locations accordingly. Overall, the strategic value drivers are aimed at a long-term and sustainable increase of the company's value.

The Supervisory Board is convinced that the present further developed Management Board remuneration system provides the best possible incentives for implementing the strategy. It is designed to ensure that the members of the Management Board make their contribution to the sustainable and long-term development of METRO and that they share in the benefits from the implementation of the strategic targets. By incentivising the Management Board to consistently implement the transformation within the framework of the defined strategy, by further increasing the focus on cash flow development and by the demanding share ownership guidelines, a clear link is created between Management Board remuneration and shareholder value.

The amount of the variable remuneration is derived from the achievement of operational and strategic targets. As in the past, the KPIs sales growth, EBITDA and return on capital employed (RoCE) form the basis for the short-term variable remuneration of the Management Board (short-term incentive, STI). In order to ensure sustainable and long-term corporate development, the long-term variable remuneration of the Management Board (long-term incentive, LTI) will be oriented towards the implementation of the business transformation, free cash flow development and company-specific sustainability goals (ESG targets) starting as of the tranche to be granted for the financial year 2022/23.

Procedure for definition, implementation as well as review of the remuneration system

Pursuant to § 87 (1) German Stock Corporation Act, the Supervisory Board defines the remuneration for the Management Board, supported by the Presidential Committee that prepares the resolutions of the Supervisory Board.

In view of avoiding potential conflicts of interest, the members of the Supervisory Board and its committees are obliged to disclose all conflicts of interest to the Chairman of the Supervisory Board, who then duly informs the Supervisory Board of such conflict. In the meeting resolving on matters which may affect personal interests or interests of closely related persons or companies of a member of the Supervisory Board, the member concerned must abstain from voting to the extent that in the individual case the member concerned must or should also refrain from participating in the discussion and decision-taking. If the conflicts of interests are material and not only contemporary, the mandate on the Supervisory Board is terminated.

For each member of the Management Board, the Supervisory Board defines a total target remuneration for the coming financial year, based on a target achievement of 100 percent, and a maximum remuneration. When determining and regularly reviewing the fixed and variable remuneration, the Presidential Committee of the Supervisory Board and the Supervisory Board ensure that the remuneration is commensurate with the duties and performance of the members of the Management Board and the situation of the company. Account is also taken of the fact that the remuneration does not exceed a customary market level remuneration without special reasons. In order to assess the appropriateness of the remuneration for all members of the Management Board, the Supervisory Board makes a horizontal (external) and vertical (internal) comparison. For the horizontal comparison, the Supervisory Board has developed a peer group consisting of national and international companies with regard to METRO´s market position and has used the MDAX as a supplementary national peer group. For the vertical comparison, the Supervisory Board takes into account the company´s internal remuneration structure. To assess the appropriateness of remuneration within the company, the Supervisory Board takes into account the ratio between the remuneration of the Management Board and that of the executives and the workforce as a whole, including its development over time, especially taking into account the remuneration structures at METRO AG.

The Presidential Committee regularly reviews the remuneration system for the members of the Management Board and, if necessary, the Supervisory Board resolves on changes. If required, the Presidential Committee and the Supervisory Board consult an external remuneration expert, whose independence from the Management Board and the company is ensured.

In the event of significant changes to the remuneration system, but at least every 4 years, the Annual General Meeting decides on the approval of the remuneration system presented by the Supervisory Board. If the Annual General Meeting does not approve the remuneration system presented, a reviewed remuneration system will be presented for resolution at the latest at the following Annual General Meeting.

If necessary in the interests of the company and its long-term well-being, the Supervisory Board may, on the recommendation of the Presidential Committee, resolve to deviate temporarily from the existing remuneration system. This may concern especially the variable components in their form and the amount determined. This gives the Supervisory Board the opportunity to take account of extraordinary developments within reason.

Remuneration structure, components and maximum total remuneration

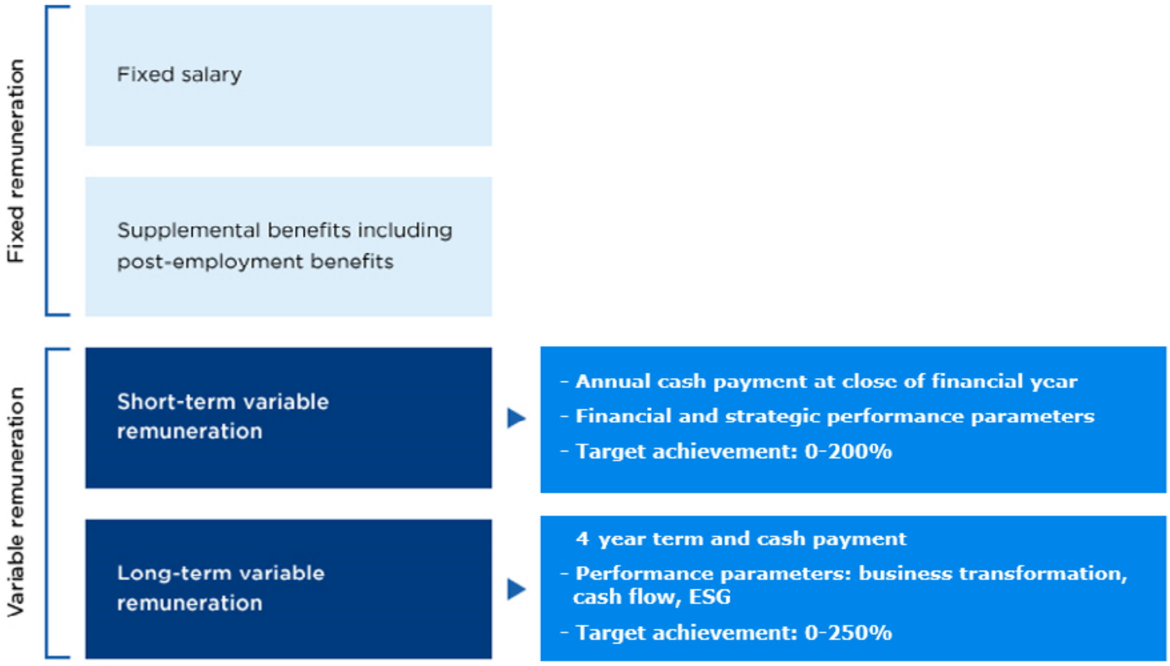
The remuneration of the members of the Management Board of METRO AG consists of non-performance-related (fixed) and performance-related (variable) remuneration components. The fixed remuneration components comprise the fixed salary, the pension benefits and the supplementary benefits. The fixed remuneration components correspond to 36 to 47 percent of the total target remuneration of a member of the Management Board. The variable remuneration comprises the STI and the LTI and corresponds to 53 to 64 percent of the total target remuneration of a member of the Management Board. Within the variable remuneration, the share of the LTI (60%) structurally exceeds the share of the STI (40%).

In accordance with the requirements of the German Stock Corporation Act and the recommendation of the German Corporate Governance Code (GCGC), the remuneration system is directed towards a sustainable and long-term development of the company.

The Supervisory Board ensures that the targets for the variable remuneration are based on demanding financial and strategic performance parameters; their achievement level determines the actual payout. The targets for the financial performance parameters are based on the budget prepared by the Management Board and approved by the Supervisory Board. When selecting the performance parameters for the variable remuneration components, the Supervisory Board ensured that these are clearly measurable and strategy relevant. For the previous financial year, the Supervisory Board determines the amount of the variable remuneration components and thus the actual total remuneration.

The Supervisory Board has limited the amount of the total remuneration (maximum remuneration) for the respective financial year. In addition, the amounts of the separate remuneration components (STI, LTI, company pension commitment, supplementary benefits) are also limited. The maximum remuneration which can be reached in theory is limited to 8.5 million euros for the Chairman of the Management Board and to 5 million euros for an ordinary member of the Management Board. The maximum remuneration agreed with the members of the Management Board which can in theory be reached is below these caps. When setting the individually determined limits, the Supervisory Board pays attention that exceeding the limit is not possible in accordance with the remuneration system.

The remuneration system includes holdback (malus) and clawback rules as well as shareholding regulations. In addition, the remuneration system regulates whether and which payments are made in the event of premature termination of the appointment of a member of the Management Board.



Schematic diagram.

Details of remuneration components

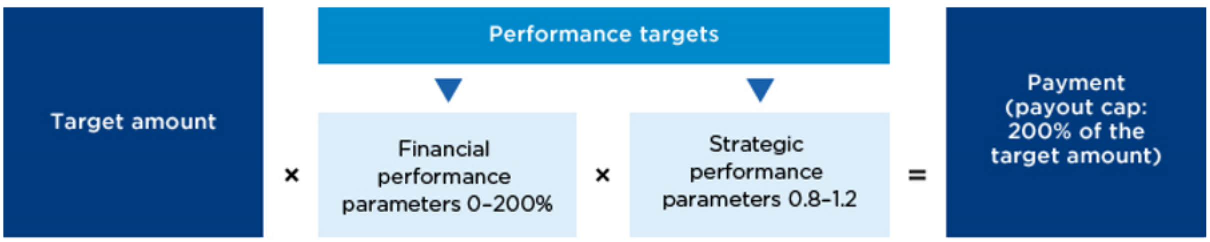
The individual components of the remuneration system are explained below.

Fixed salary

The annual fixed salary is contractually agreed with the respective member of the Management Board and is paid in monthly instalments. It ensures a fixed income for the members of the Management Board.

Short-term variable remuneration (short-term incentive, STI)

The STI incentivizes METRO’s operative development depending on the business performance in the respective financial year. For each member of the Management Board a STI target amount has been contractually agreed.



Schematic diagram.

PERFORMANCE TARGETS

The performance is measured by 2 parameters. The financial performance parameters are aimed at profitable growth. The strategic performance parameters are based on a concentrated target catalogue of group targets and individual targets of the respective member of the Management Board and also include, in particular, the company´s ESG targets to the extent that these are not already included in the LTI.

FINANCIAL PERFORMANCE PARAMETERS

The following KPIs are defined as financial performance parameters:

- 40 percent: sales KPI (currently exchange rate-adjusted total sales growth),
- 40 percent: earnings KPI (currently exchange rate-adjusted earnings before interest, taxes, depreciation and amortisation, EBITDA, without earnings from real estate transactions and without one-time effects classified as transformation costs),
- 20 percent: return or cash flow KPI (currently exchange rate-adjusted return on capital employed, RoCE).

The Supervisory Board determines the values for the target setting annually, in general at the end of the previous financial year. A factor is assigned to the respective degree of target achievement for each KPI, from which the total factor of target achievement is derived (KPI total factor). In order to determine the degree of target setting of EBITDA, the Supervisory Board is authorised to adjust this figure for any reduction in goodwill. The corresponding targets are disclosed at the latest within the framework of the remuneration report, in which the target achievement of the respective STI is reported on.

Instead of one of the above-mentioned KPIs, the Supervisory Board may determine another of the financial control parameters named in the combined management report and group management report as KPI of the financial performance parameters, if it comes to the conclusion that this is more suitable as a control parameter for the long-term development of the company.

STRATEGIC PERFORMANCE PARAMETERS

In order to take account of the individual performance differentiation and the overall work of the Management Board, the Supervisory Board evaluates the performance of the members of the Management Board after the end of each financial year. For this purpose, prior to the beginning of a financial year, the Supervisory Board defines for each member of the Management Board portfolio-related focal points and for the Management Board as a whole joint focal points, with regard to the current development of the company, which are also disclosed in the remuneration report. In principle, measurable criteria are defined for these focal points; the degree to which these have been achieved is determined by a target/actual comparison after the end of the financial year. The focal points include, for example, the implementation of ongoing major projects at Management Board level as well as customer satisfaction, employee satisfaction, succession planning, diversity and sustainability (ESG targets). The factor determined on the basis of these strategic performance parameters can range from 0.8 to 1.2.

If there is a mutually agreed termination of the Management Board appointment and/or a premature termination of the employment contract of a member of the Management Board, the Supervisory Board may already at this time prematurely determine the performance of the respective member of the Management Board with regard to the strategic performance parameters for the current financial year on the basis of the performance shown to date.

CALCULATION OF PAYOUT AMOUNT

The STI payout amount for each member of the Management Board is calculated by multiplying the target amount by the 2 factors for the financial and strategic performance parameters. By applying the factor for the strategic performance parameters, however, the agreed upper limit for the STI of 200 percent of the agreed target amount cannot be exceeded. In this case, an outperformance for the strategic performance parameters would not have a further remuneration-increasing effect.

An additional condition for payout of the STI is generating a positive free cash flow. The STI is not paid out if the free cash flow for the financial year concerned is negative unless the negative free cash flow is based on a plan approved by the Supervisory Board.

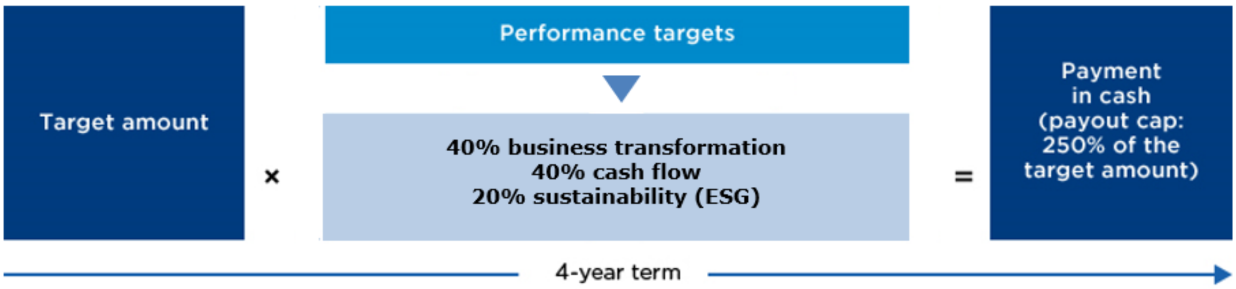
In general, the STI is due for payment 4 months after the end of a financial year, but not before approval of the annual and consolidated financial statements for the incentive-based financial year by the Supervisory Board.

LEAVING THE MANAGEMENT BOARD

In case a member of the Management Board leaves the Management Board, the STI is calculated for this financial year pro rata temporis and paid out in accordance with the system.

Long-term variable remuneration (Long-Term Incentive, LTI)

The LTI incentivises the implementation of the strategy developed by the Management Board as well as the sustainable and long-term development of METRO towards more growth. The LTI will continue to be structured as a performance cash plan.



Schematic diagram.

GRANTING

The tranches to be granted annually each have a term of 4 years, starting on 1 October of the financial year (due date) for which the tranche is granted (grant year).

PERFORMANCE TARGETS AND TARGET SETTING

The following KPIs are defined as LTI performance parameters of the new performance cash plan:

- 40 percent: business transformation,
- 40 percent: free cash flow, and
- 20 percent: sustainability (environmental/social/governance, ESG targets).

The Supervisory Board determines the target values for the LTI performance parameters annually, as a rule at the end of the financial year before the respective LTI tranche is granted as a rule a target value corresponding to a target achievement of 100 percent, an entry hurdle and a target achievement curve. The corresponding target settings are disclosed at the latest within the scope of the remuneration report, in which the target achievement of the respective LTI tranche is reported.

In deviation from the process described above, the binding resolution on the granting and structure of the LTI tranche 2022/23 will only be passed after the Annual General Meeting 2023. The Supervisory Board already dealt with possible target settings for this LTI tranche under both the current and the revised LTI system in September 2022 on the basis of the current budget and medium-term planning.

KPIs for business transformation can be, for example, the share of strategic customers in total sales, the share of delivery sales (FSD sales) in total sales, the share of own brand sales in total sales, the share of digitally generated sales in total sales (digital sales share), the availability of goods and/or customer satisfaction. The respective results in the third financial year of the term of the respective LTI tranche are decisive.

The target setting for the cash flow KPI is based on the aggregated free cash flows of the first 3 years of the term of the respective LTI tranche; the target setting thus comprises the sum of the scheduled free cash flows of the next 3 financial years for which the budget and medium-term planning is made.

For the sustainability KPIs (ESG KPIs), the Supervisory Board sets targets for the LTI which are in accordance with the targets defined within the framework of the sustainability strategy from the areas of climate and CO_2, ethical conduct and trust, and/or equality, inclusion and well-being. The results for the third financial year of the term of the respective LTI tranche are decisive. For the first LTI tranche granted under the enhanced remuneration system, the Supervisory Board has considered the following targets: reduction of CO2 emissions and reduction of food waste. These targets are in line with METRO's communicated sustainability targets: (i) achieving carbon neutrality in its own operations (scope 1 and 2) by 2040 and (ii) halving food waste in its own operations by 2025 compared to the baseline year 2018.

DETERMINATION OF TARGET ACHIEVEMENT AND PAYOUT

As a rule, at the beginning of the fourth financial year of the term of the respective LTI tranche, but not before the adoption and approval of all annual and consolidated financial statements of METRO AG for the relevant financial years, the Supervisory Board determines the extent to which the targets set with regard to the performance parameters have been achieved. The factor of the total target achievement (performance factor) for the respective LTI tranche is calculated from the weighted average of the achievement of the performance parameters.

Payout is made after the end of the four-year term of the respective LTI tranche, as a rule at the beginning of the following financial year. The payout amount is calculated by multiplying the individual LTI target amount by the performance factor. The payout amount of each LTI tranche is limited to a maximum of 250 percent of the individually agreed LTI target amount; the target achievement factor for each individual LTI performance parameter is limited to a maximum of 300 percent (cap).

LEAVING THE MANAGEMENT BOARD

If a member of the Management Board leaves in a regular manner after the end of his or her term of office, entitlements acquired during the term of the employment contract do not become due for payment prematurely, but in accordance with the terms of the LTI at the regular end of the tranches in the same way as for current members of the Management Board.

No payments under the LTI will be made upon leaving the Management Board in the following cases:

- release of a member of the Management Board for good cause,
- instant recall of a member of the Management Board for good cause,
- termination of the employment contract by the company for good cause, as well as
- premature termination of the employment contract or repeal of the appointment as a member of the Management Board or release by the company at the request of a respective member of the Management Board. If the Supervisory Board has indications of justified exceptions, such as cases of hardship, it may deviate from this rule at its reasonable discretion.

If the appointment of a member of the Management Board is terminated by mutual consent and/or the employment contract of a member of the Management Board is terminated prematurely by mutual consent and this is not at the request of the respective member of the Management Board, any entitlements acquired during the term of the employment contract shall not become due for payment prematurely but shall fall due for payment in accordance with the conditions at the regular end of the tranches in the same way as for current members of the Management Board. Tranches not yet granted in the event of premature termination of the employment contract are in principle paid out in the form of a one-off payment.

Pension Scheme

In addition to the fixed salary, the members of the Management Board receive a pension scheme whose implementation method can be chosen flexibly.

DIRECT COMMITMENT TO THE EXECUTIVE PENSION PLAN

The company pension scheme is offered in the form of a direct commitment with a contribution-oriented and a performance-oriented component. The contribution-oriented component is financed jointly by the respective member of the Management Board and the company with the split `7 + 14´: If the member of the Management Board makes an own contribution of 7 percent of the defined basis of assessment, the company adds double the contribution (14 percent). The basis of assessment is determined by the amount of the fixed salary and the target amount of the STI.

The performance-oriented component ensures a minimum payment in case of invalidity or death. In this case, the existing pension credit balance is increased by the sum of the contributions that would have been credited to the member of the Management Board for each calendar year up to a total contribution period of ten years, but as a maximum up to the age of 60. This performance-oriented component is not reinsured but is paid directly by the company in the event of a pension claim.

If a member of the Management Board leaves the company before a pension is due to be paid, the entitlements are maintained at the level reached. The contribution-oriented component is covered by Hamburger Pensionsrückdeckungskasse VVaG (HPR). Interest is paid on the contributions in accordance with the HPR statutes on profit participation with a guarantee on the contributions paid in. Entitlements to pension benefits exist

- if the employment relationship ends with or after reaching the standard age limit of the German statutory pension insurance,
- as early retirement benefit, if the employment relationship ends after reaching the age of 60 or after reaching the age of 62 for pension commitments granted after 31 December 2011 and before reaching the standard retirement age and
- in case of invalidity or death provided that the respective prerequisites for benefits have been met.

With regard to payout, there is a choice between capital, instalment payments and a life-long pension.

ALTERNATIVE IMPLEMENTATION

Alternatively, the members of the Management Board may, at their discretion, choose to pay a gross amount on a monthly or annual basis in order to build up a pension plan. In this case, the financing can be provided solely by the company and amounts to a maximum of 14 percent of the defined basis of assessment, which is based on the level of the fixed salary and the target amount of the STI.

DEFERRED COMPENSATION

In addition, the members of the Management Board have the option of converting future remuneration components from fixed salary and variable remuneration into entitlements to a company pension scheme at HPR within the framework of tax-privileged deferred compensation.

Supplementary Benefits

The supplementary benefits to be granted to the members of the Management Board are contractually stipulated but individually different in terms of their amount and scope, taking into account the respective contractual situation. They may include the following benefits and non-cash benefits, including any applicable taxes:

The provision of a company car with the option of using an internal driving service, taking out accident insurance policy, inclusion in a D&O insurance policy (taking into account the statutory requirement for deductibles), the subsidy for a preventive health examination, subsidies for health and nursing care insurance, the assumption of costs for security systems, school fees and moving expenses and the extended continued payment of remuneration in case of illness. Furthermore, there is the option of using an underutilised car budget for a pension scheme. In exceptional cases, remuneration may be paid to newly appointed members of the Management Board for remuneration promised by the previous employer which is forfeited due to the transfer to METRO AG.

In the event of the death of a member of the Management Board during active service, the surviving dependents are paid the fixed salary for the month of death and for further 6 months.

Additional clauses

In addition, the employment contracts of the members of the Management Board contain the following clauses:

SHARE OWNERSHIP GUIDELINES

The members of the Management Board are obliged to build up a self-financed investment in METRO ordinary shares over a period of 5 years of service (`personal investment´). The amount to be invested for the personal investment is 100 percent of the fixed salary for a member of the Management Board and 200 percent for the Chairman of the Management Board.

Ordinary shares can only be sold when the personal investment has been fulfilled, and selling them is only possible for the number of ordinary shares exceeding the personal investment. The personal investment must be held at least until the member leaves the Management Board of the company.

HOLDBACK-(MALUS-)/CLAWBACK-CLAUSE

The Supervisory Board reserves the right to take account of extraordinary developments in an appropriate manner. In the event of a member of the Management Board seriously violating his or her legal obligations, the Supervisory Board is entitled, at its due discretion, to withhold any components of the STI and LTI that have not yet been paid out in whole or in part (holdback/malus) and to demand the return of any components of the LTI that have already been paid out (clawback). The possibility of holdback and clawback also exists if the appointment as member of the Management Board or the employment contract has already been terminated. However, the clawback may only be claimed back up to a maximum of 3 years after payout of the respective LTI tranche.

POST-CONTRACTUAL RESTRAINT ON COMPETITION

In addition, the employment contracts of the members of the Management Board generally provide for a post-contractual restraint on competition. They are therefore prohibited from providing services to or for a competitor for a period of twelve months after termination of their employment contract. For this purpose, a compensation has been agreed which corresponds to the target remuneration from fixed salary, STI and LTI for the duration of the post-contractual restraint on competition and is paid out in monthly instalments. A potential one-off payment is offset against such compensation. Remuneration earned through any other employment during this period is also offset against such compensation. The company has the option to waive the post-contractual restraint from competition prior to or upon termination of the employment contract with effect from receipt of the corresponding declaration. If the employment contract ends at the agreed end of the contract, a statement will be made at the latest nine months before the agreed end of the contract as to whether or not the Supervisory Board waives adherence to the post-contractual restraint on competition.

CONTRACT TERM AND PAYMENT IN CASE OF TERMINATION OF EMPLOYMENT

The term of the employment contracts is linked to the duration of the appointment and complies with the requirements of the German Stock Corporation Act. The initial term of appointment of members of the Management Board shall be for a maximum of 3 years.

Severance payments in the event of premature termination of the contact of a member of the Management Board without good cause are limited to two years´ remuneration (severance payment cap) and amount to no more than the remuneration for the remaining term of the contract.

CHANGE OF CONTROL-CLAUSE

When new employment contracts are concluded, no so-called "change of control" clause is agreed in principle. However, an individual member of the Management Board with whom such a clause has already been agreed in his existing employment contract is still granted the right to resign from office for good cause within a period of 6 months after a change of control within the meaning of § 29 of the German Securities Acquisition and Takeover Act (WpÜG) with 3 months' notice to the end of the month and to terminate the employment contract to this date (special right of termination).

SPECIAL COMPENSATION

The Supervisory Board may decide at its own reasonable discretion on any special compensation - including retroactive compensation - for extraordinary performance.

ANCILLARY BENEFITS

The assumption of supervisory board mandates and offices of a comparable nature in companies outside the group, activities in associations and other bodies that are in the interests of the company, as well as the assumption of tasks in charitable, social or other non-profit organisations require the prior approval of the Presidential Committee of the Supervisory Board.

If the members of the Management Board take on internal group mandates, the remuneration for these mandates is offset against the Management Board remuneration. This applies in principle also to external mandates. The Presidential Committee resolves on exceptions from this principle in individual cases.