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Responsibility to employees and society

Since MMSRG wants its employees to be both a success factor and ambassadors when it comes to sustainability, it encourages individual sustainable engagement and offers a varied spectrum of benefits to boost their personal well-being. MMSRG supports society and the environment by inspiring its customers to make the right purchasing decisions.

SUSTAINABILITY IN INITIAL AND FURTHER TRAINING PROGRAMMES

Store employees regularly attend product training sessions organised by the manufacturers to enable them to provide advice and answer questions about product sustainability, above and beyond the conventional product information. These training programmes also address issues such as energy efficiency and water consumption. At Saturn in Germany, for example, course attendants also take part in online training sessions focusing on special sustainability aspects of smartphones, tablets and notebooks, such as rare minerals, factory labour conditions and conflict commodities.

At its head office in Ingolstadt, MMSRG has incorporated sustainability as a key element into its trainee plans and talent programmes. Sustainability even plays a role during the recruitment process and is one of the modules in the Assessment and Development Centre. During their induction in Ingolstadt, international managers are introduced to the sustainability initiatives of MMSRG.

INFORMING EMPLOYEES ABOUT SUSTAINABILITY

Our employee magazine "GoGreen" was launched in March 2016 for everyone working at Saturn stores. It discusses ongoing sustainability initiatives at Saturn in Germany, lists interesting facts and figures about sustainability, such as changes to laws or regulations, and showcases specific examples from various stores around Germany. The magazine is published four times a year. In addition, the extensive information offered on the intranet, in the internal social network Yammer, and on the social media channels Facebook, Twitter and Xing, which are often used by employees, enable intensive engagement with the topic of sustainability and provide concrete action tips.

Employees

CECONOMY is continuing the activities of the former METRO GROUP in the Consumer Electronics division, particularly with the MediaMarkt and Saturn sales brands.

The following information therefore relates exclusively to the operations continued under CECONOMY.

Sustainable human resource policies

We have set ourselves the goal of increasing the relevance of our concepts, formats and brands, supporting our customers in an increasingly digital world and making their lives easier with our tailor-made solutions. To achieve this goal, we need dedicated employees who bring our strategy to life in their everyday work and create added value for our customers. One thing is certain: CECONOMY can only grow if we support our employees. Our human resource strategy focuses on two key aspects: human resource management, which includes employee recruitment, retention and development; and occupational safety and health management. Our objective is to attract the very best employees, to support them in accordance with their drive and abilities, and to strengthen their long-term connection to our company. By taking this approach, we strive to be the employer of choice among current and future employees.

Recruiting employees

In the competition for the most highly skilled employees and executives, we at CECONOMY are taking steps to polish our image among potential applicants. For us, this also includes the initial training of young employees for retail, through which we can recruit employees from our own ranks.



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Training programmes at CECONOMY

	2015/16 ^{1,2}	2016/17
Number of trainees in Germany	2,420	2,328
Number of trainees internationally	394	395
Newly employed trainees in Germany	801	780
Trainee ratio (incl. interns and students) in Germany	8.9%	8.7%

¹ Due to a changed calculation basis in Germany, the figures for 2015/16 cannot be compared with the figures for previous years
² The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

In financial year 2016/17, training focused on the topics of customer orientation and digital skills.

For example, the “Digital Dino meets Digital Native” project was launched for trainees by the MediaMarktSaturn Retail Group (MMSRG) Germany. In this programme, trainees and employees form teams in order to learn across generations.

Regarding the link between training and the digital world as well, CECONOMY was represented by MMSRG as a business representative in an advisory capacity in the BIBB (Federal Institute for Vocational Education and Training) committee on the establishment of the new job requiring training. The job requiring training will be launched on 1 September 2018 and training will take place at MMSRG Germany in Ingolstadt.

In addition, we are working intensively on digital supplementary modules for all CECONOMY training courses.

The MediaMarkt sales brand further increased the number of trainees in the 2016/17 financial year. In order to maintain the quality of training at the highest level, the trainers in the markets on the e-learning platform “Fit with MediaMarkt” are supported by their own departments (Trainer toolbox). This toolbox contains complete information on recruiting, onboarding, mentoring and development of the trainees.

The Saturn sales brand also relies on close cooperation with the trainers in the stores for its training. A national meeting of trainers was held for

this purpose. In addition to the possibility of exchanging ideas and networking and making spontaneous presentations, they worked together on the content of a future-oriented training course.

At the Trainee Academy, Saturn trainees are prepared for their future careers and accompanied through the entire training. The annual Top Trainee Event is the crowning achievement for all trainees who are taken on at Saturn.

In addition to dual vocational training, we offer young people the opportunity to attend a dual course of study with practical modules. In financial year 2016/17, around 50 students were registered in Germany.

TALENT DEVELOPMENT

For its junior employees at MMSRG, CECONOMY conducts special trainee programmes with a focus on finance, IT and multi-channel marketing. These programmes encourage graduates to take personal responsibility for themselves and at the same time offer individual design freedom in terms of process, programme design and personal development.

The sales brands MediaMarkt and Saturn are focusing on the continuous expansion of their dual degree programmes in Germany. The focus of these programmes is on individual development and needs-oriented further training of junior employees.

In order to promote exchange and networking within the talent groups as well as with management, Saturn held a talent day, and other events.

EMPLOYER BRAND AND HUMAN RESOURCE MARKETING

By rebranding from “Media-Saturn” to “MediaMarktSaturn Retail Group”, CECONOMY was also able to strengthen the employer brand MMSRG among graduates and young professionals. This helps recruiters to raise awareness and identify potential talent. As part of this effort, MMSRG developed and implemented a creative and appealing IT campaign. In order to improve the impression the Company makes on potential recruits, the career page was revised. You can now find the way to our career portal with just a few clicks.



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CECONOMY continues to focus on direct dialogue in the recruitment of young talents and IT specialists. In order to generate new talent, CECONOMY representatives were also represented at trade fairs, universities and workshops in the financial year 2016/17. For the first time, CECONOMY was represented at the Taktraum Festival and the Metronom – regional events that facilitate an intensive exchange with students.

In order to counteract the shortage of IT specialists and strengthen digital skills, CECONOMY relies on participation in hackathons and meetings – events and forums where concrete IT issues are worked on and trends and innovations are discussed. For the first time, MMSRG was represented at DAHOAM, a conference for developers. In addition, the social media channels were further expanded.

In addition, an employee recommendation programme called #plus1 was launched at MMSRG. The aim of the programme is to encourage employees to recommend vacancies within CECONOMY to their immediate network.

EMPLOYER OF CHOICE: FROM ZERO TO 26

For the twelfth time, 20,000 pupils in grades eight to 13 at general and vocational schools were interviewed about their preferred employers and career plans. MMSRG jumped from zero to 26 in the study this year and is among the top 100 for the first time – despite the fact that the retail sector has even lost slightly in comparison with other industries in the survey.

Remuneration models and succession planning

Entrepreneurship is a value traditionally strongly anchored at CECONOMY and especially at MMSRG. The remuneration structures are therefore oriented towards the market and to the success of the Company. Our systematic succession planning enables our skilled employees and managers to develop attractive careers within CECONOMY.

PERFORMANCE-BASED COMPENSATION FOR EXECUTIVES

Our compensation systems include a monthly fixed salary and a one-year variable salary component, the amount of which depends on the

profitability and economic development of our Company. In addition, there are models of performance-based remuneration with a long-term incentive effect whose structure is at the discretion of the Company.

PERFORMANCE REVIEWS AND SUCCESSION PLANNING

Within CECONOMY, systematic development of managers is a central task of the Company's management. In this way, we ensure that the skills and competencies of our managers are consistently aligned with the needs and strategic goals of our Company. In addition, we are able to offer our managers targeted international career paths – regardless of the company in which they are employed. Moreover, our career planning processes enable us to identify and support suitable candidates for key positions in the Company. This ensures that we are able to fill the greatest number of vacancies possible from our own ranks.

INDIVIDUAL JOB PERFORMANCE REVIEWS

CECONOMY supplemented its competency model "Passion for the Customer" to include an online-based 360-degree feedback instrument for high-potential managers. This instrument can be applied flexibly and can also be used for 180-degree feedback.

EXECUTIVE DEVELOPMENT

The German country organisation of the MediaMarkt sales brand has consistently pursued the path that was successfully embarked upon with the "Fit for Management" programme last year in this financial year.

45 managers completed the pilot project. The focus of the project is on the sustainability of the measures. Among other things, the exchange and networking of the participants – including various leadership programmes – was promoted through alumni meetings.

In addition, two further education programmes were launched: the talent programme, which is designed to assist employees at the start of their career, and the potential programme, which includes the development of young managers for the next steps in their management and specialist careers.



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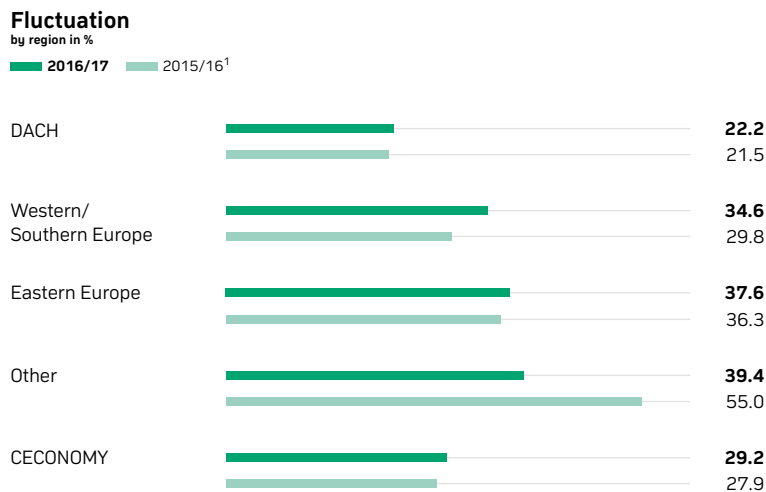
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Furthermore, the management vision for the future was designed to develop a modern understanding of leadership that meets the requirements of the working world 4.0.

EMPLOYEE TURNOVER RATE

In the period under review, CECONOMY’s average length of service at the Company was 6.1 years, slightly higher than in the previous year (2015/16: 6 years in respect of MMSRG). Turnover rates varied widely according to region. The chart shows the turnover rates by region for comparison purposes. The turnover rate is calculated as the number of employees leaving the Company in relation to the average number of employees (by headcount) in the year under review.



¹The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

Further training for employees

We are determined to promote lifelong learning among our staff as a way of responding to current and future challenges in retailing.

A central focus of CECONOMY’s continuing education is the digitalisation of the working world. In May 2017, for example, MMSRG held the “Digital Campus” event for all employees at its Ingolstadt site and selected international colleagues from the national companies for the third time in order to promote the digital transformation of the Company. This year’s programme included nine thematic worlds, including Data Era, Digital Transformation, Future Retail, Mixed Reality and Robotics. During the two-day event, employees were able to choose from more than 40 presentations, panel discussions and new formats. In addition, employees were able to try out the latest digital products and technologies at more than 30 booths on 600 square metres of exhibition space, and test their digital capabilities in a self-designed Digital Escape Room, for example.

CECONOMY continues to rely on the blended learning approach for digitalisation. The e-learning platforms “Saturn Online Academy” and “Fit with MediaMarkt” were used intensively in the past financial year, among other things, for onboarding new employees of the two sales brands.

EMPLOYEE ENGAGEMENT

In order to integrate the wealth of experience, knowledge and creativity of the employees in an even more targeted manner, CECONOMY AG (formerly METRO AG) launched the idea management system “MyIdea”. Employees who have ideas on how to optimise processes, simplify processes or realise potential savings are given the opportunity to introduce them. In July 2014, the MMSRG launched the idea management programme “Ideas4Us”.

Since then, around 1,000 ideas have been submitted and numerous proposals are on the way to being implemented. Regular activities are conducted to motivate employees to submit suggestions for improvements of all kinds. In addition, employees have access to an ideas platform where they can view and evaluate suggestions, as well as a wide range of opportunities to find out about ideas that are currently being implemented. With a focus on digitalisation, it is now also possible to submit ideas on a mobile basis.



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Occupational safety and health management

CECONOMY places high priority on ensuring fair working conditions for all employees. Promoting occupational safety and health plays an important role in a personnel-intensive business like trade and retail. Due to demographic change, its importance continues to grow. We respond to these requirements with circumspect and structured activities.

For example, CECONOMY AG offers employee support programmes that give them the opportunity to seek psychological advice. In work-related conflict situations, but also in the event of private troubles, external experts are available who offer support in finding solutions, independently and anonymously.

Diversity management

	2015/16 ^{1,2}	2016/17
Average age of the workforce (years)	35.5	35.9
Share of employees in the 50-plus age group as a proportion of the total workforce in Germany	15.8%	17.3%
Share of employees in the 50-plus age group as a proportion of the total workforce at international level	9.8%	10.7%
Employees with recognised severe disability or equivalent persons in Germany	541	565
Employees with recognised severe disability or equivalent persons at international level	537	517

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We firmly believe that inclusion and diversity lead to better business results for CECONOMY – through improved representation of our customers within the Company, access to a larger talent pool and greater employee engagement and development. Going beyond gender diversity, our approach places the focus on the individuality and diversity of our employees, thereby creating a truly empowering work environment for all Company employees. For this reason, CECONOMY must create an inclusive work environment and open work culture in which individual differences are respected, valued and developed, resulting in a diverse

workforce in which each individual can fully unfold and leverage his or her individual potential and strengths.

CECONOMY relies on international cooperation, among other things, to execute its growth strategy successfully. In total, employees from 132 nations working together at CECONOMY. As at the closing date of 30 September 2017, 19.1 per cent of MMSRG’s country organisation directors are from foreign subsidiaries.

The stated aim is to promote diversity in the Company. The diversity of our employees is one of our great strengths for the sustained success of our Company. The CECONOMY Code of Conduct categorically excludes discrimination based on race, ethnic origin, religion, belief, disability, age, sexual orientation or gender. Any form of harassment, such as bullying or sexual harassment, is prohibited. Employees can contact their managers or the Compliance Officer if they have any questions. A whistleblower system also enables all employees to report any violations of this principle anonymously.

At MMSRG, this principle is implemented by the compliance guideline “Style and Practice”. This excludes discrimination in any shape or form. Employees can contact their managers and the relevant departments if they have any questions. An international reporting system also enables all employees to report any violations of this principle anonymously. As an Equal Opportunity Employer, we offer all employees and candidates equal opportunities regardless of gender, age, race, ethnic origin, sexual identity, disability, religion or belief.

Through diversity management, we aim to achieve a proportion of women in management positions that corresponds to the employee structure. Currently, 39.9 per cent of CECONOMY’s total workforce is female, 39.6 per cent in Germany. In management positions, the proportion is 25 per cent.

CECONOMY encourages women to participate in programmes for young talent. In 2016/2017, 42 per cent of the trainees at MMSRG in Germany were female. In the “Foundation Management Programme”, the proportion was 40 per cent.



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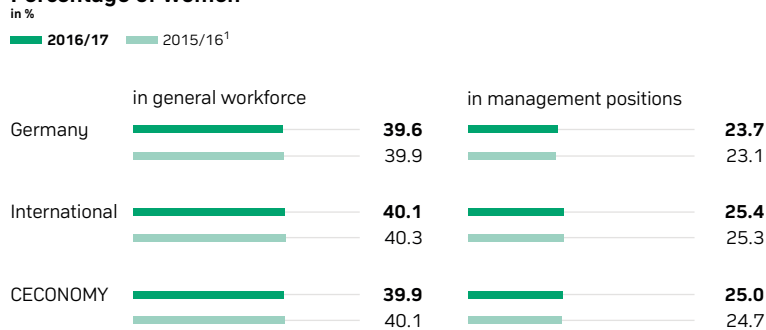
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EQUAL OPPORTUNITIES

As part of our diversity management, we promote equal professional opportunities for men and women. In 2011, together with other listed German companies, CECONOMY (formerly METRO GROUP) voluntarily pledged to increase the share of women in management levels one to three. During financial year 2013/14, CECONOMY (formerly METRO GROUP) renewed its voluntary pledge to increase the proportion of women in management positions. At CECONOMY AG, the proportion of women in the first two management levels under the Management Board is targeted to reach 15 per cent at the first level and 45 per cent at the second management level by the end of the 2019 financial year. We take these objectives into account in succession planning and recruitment.

Percentage of women



¹The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

➤ For more information about the objectives regarding the composition of the Management and Supervisory Boards, see chapter “Corporate governance – Corporate governance report”.

WORK-LIFE BALANCE PROGRAMMES BASED ON PHASES OF LIFE

At CECONOMY, we place great value on the compatibility of work and family life. Therefore we naturally offer our employees flexible working time models and extensive home office options.

Since 2010, the headquarters of MMSRG in Ingolstadt has been certified as a family-friendly company by the Hertie Foundation. As part of an array of measures aimed at supporting work-life balance, childcare during school holidays as well as nursery slots for children of employees are offered in Ingolstadt. In emergency situations, the services of the non-profit care services association Mobile Familie e. V. can be used for issues surrounding childcare or family member care.

In addition, MMSRG provides support by endorsing flexible working times. With the three-month sabbatical, employees have the option to take a longer break from everyday working life. The “My Day Off” programme allows them to gain up to twelve extra days of holiday per year. This is offset by a reduction in salary.

The share of part-time employees at CECONOMY is 19.5 per cent. In Germany, 16.8 per cent of our employees worked part-time and internationally the figure was 21.3 per cent.

Employer-employee relationships

CECONOMY supports open dialogue at various levels between its management and employees or employee representatives. We want to ensure good long-term working conditions for employees and thus contribute to growth. Specifically, this means:

- We apply the principles of fair working conditions and social partnership in all our activities.
- We encourage our management to create an open and trusting work environment in which people share their ideas and problems.
- We regularly meet our employees and/or their representatives to inform them about the business situation and ask them for feedback.

At the European level, the CECONOMY Euro Forum acts as a European works council.



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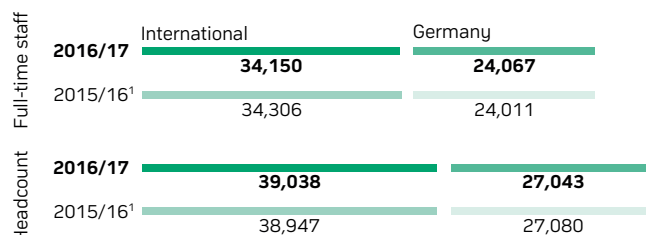
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CECONOMY also continues its social dialogue with works councils and unions on national level.

Development of staff numbers

During the reporting period, CECONOMY employed an average of 58,217 (2015/16: 58,317 in respect of MMSRG) full-time equivalents. This corresponds roughly to the previous year's level. The majority of our employees work outside our home market of Germany. MMSRG employed an average of 58,141 full-time equivalents in the reporting period. Approximately 49 per cent are employed in the DACH region, 41 per cent of them in Germany.

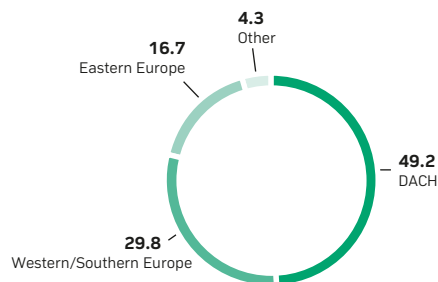
Employees: Full-time staff and headcount



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Employees by region 2016/17

Full-time in %



Development of personnel expenses

Our personnel expenses remained unchanged year-on-year at €2.3 billion (2015/16: €2.3 billion, based on MMSRG). Of this amount, €1.9 billion (2015/16: €1.9 billion) was accounted for by wages and salaries. The rest was attributable to social welfare contributions, pension expenses and employee benefits.

We encourage our staff to set up their own private pension accounts. Our Group-wide future package provides them with voluntary benefits that exceed the collective bargaining standards generally seen in the industry. During the reporting year, 4,155 employees in Germany took advantage of these benefits (2015/16: 4,269 employees, based on MMSRG). This represents 15.4 per cent of employees (2015/16: 15.6 per cent).

➤ For more information about personnel expenses, see the notes to the consolidated financial statements, No. 16 – Personnel expenses.



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Development of employee numbers by country and segment as of the closing date of 30/09¹

	Full-time equivalents ²		By headcount	
	2016 ³	2017	2016 ³	2017
Germany	25,037	25,060	28,083	28,122
Austria	2,381	2,358	2,834	2,821
Switzerland	1,087	1,020	1,272	1,207
Hungary	1,294	1,339	1,312	1,355
DACH	29,799	29,777	33,501	33,505
Belgium	1,564	1,585	1,642	1,660
Greece	793	737	859	789
Italy	5,213	4,932	5,870	5,594
Luxembourg	128	132	132	136
Netherlands	3,591	3,908	4,737	5,214
Portugal	540	514	604	563
Spain	5,357	5,431	6,523	6,657
Western/Southern Europe	17,186	17,240	20,367	20,613
Poland	5,019	5,044	5,066	5,097
Russia	2,976	2,471	2,996	2,487
Turkey	1,921	2,043	1,921	2,044
Eastern Europe	9,916	9,558	9,983	9,628
Others	1,351	1,375	1,845	1,861
CECONOMY	58,251	57,951	65,696	65,607

¹ Due to a changed calculation basis in Germany, the figures for 2015/16 cannot be compared with the figures for previous years.

² Rounding differences may occur

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