

Procurement Policy

Deforestation- and conversion-free supply chains

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Abstract

The Migros Group (hereinafter referred to as 'Migros') pools and manages its sustainability efforts across the Group and has defined specific relevant objectives in the Migros Sustainability Strategy 2030. Our ambition is to adopt a responsible approach towards natural resources, climate protection and social equality and thereby create a future worth living for ourselves and future generations.

Our ecosystems—such as forests and moors—play a crucial role in maintaining biodiversity and regulating temperatures and the hydrological balance acting as major carbon sinks and ensuring the basis of life for billions of animals and people. We are therefore committed to preventing deforestation and conversion in our supply chains.

We use the principles and definitions set out by the [Accountability Framework initiative \(AFi\)](#) as a resource to ensure the production and procurement of goods in compliance with the protection of forests and other natural ecosystems.

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1 Definition of terms

In accordance with the [definition](#) set out by the Accountability Framework initiative (AFi), we understand deforestation and conversion to mean the following:

- The loss of natural forest due to:
 - i) Conversion to agriculture or other non-forestry land use;
 - ii) Conversion into a tree plantation; or
 - iii) severe and persistent degradation.
- Conversion of a natural ecosystem to another land use or a profound change in the composition of species, structure or function of a natural ecosystem.

2 Background and challenges

Forests are vital ecosystems and provide a habitat for numerous plants, animals and people. In tropical regions, forests are home to half of the world's land-based biodiversity and a significant proportion of its freshwater resources. The Food and Agriculture Organization of the United Nations ([FAO](#)) states that 420 million hectares of forest were cut down between 1990 and 2020. This is equivalent to an area larger than the European Union. Every year, an estimated 10 million hectares of forest (around 2½ times the area of Switzerland) are lost through deforestation, mainly due to clearing for agriculture.

The Intergovernmental Panel on Climate Change ([IPCC](#)) estimates that 23% of all anthropogenic greenhouse gas emissions in the period from 2007 to 2016 came from agriculture, forestry and other land uses. Some 11% of all emissions were attributable to forestry and agriculture and were mainly due to deforestation. The remaining 12% are direct emissions from agricultural production, e.g. from livestock farming and the production of fertilisers.

In May 2023, the European Council approved a new regulation on deforestation-free products, the intention of which is to ensure that agricultural raw materials consumed in the EU have not resulted in deforestation in the country of production and have been produced legally. This regulation will apply to coffee, cocoa, soya, beef, palm oil, wood, natural rubber and certain products made from these materials, such as chocolate, as of December 2025. From the end of 2025, companies that offer such raw materials on the EU market will have to prove through due diligence audits that no new deforestation has taken place for production after 2020.

Within the Migros Group (hereinafter referred to as 'Migros'), in particular at Migros Industrie (MIND), the retailer Migros Supermarket Ltd (MSM) and Denner AG (DEN), various products are produced and sold that consist of raw materials with a high deforestation and conversion risk, e.g. cocoa, coffee and meat (pasture feeding and feeding with soya). These risks must therefore be taken into account when making procurement decisions.

3 Our commitment as the Migros Group

Acting as carbon sinks and biodiversity hotspots, forests are crucial for the implementation of climate and ecosystem protection measures. Migros committed to the Science Based Targets initiative (SBTi) back in 2019 and set itself ambitious CO₂-reduction targets that are in line with the Paris Agreement. Migros has set itself the target of reducing its absolute Scope-3 forest, land and agricultural (FLAG) greenhouse gas emissions caused by the products and services it procures by 33.3% by 2030 and by 72% by 2050 compared to 2019. These ambitious goals can only be achieved by implementing deforestation-free supply chains.

We are therefore committed to preventing the deforestation and conversion of forests and other intact ecosystems in our supply chains. To ensure progress and the fulfilment of our commitments, we pursue a risk-based approach and, as a first step, are focussing on the raw materials that have the greatest global impact on deforestation. These are cocoa, coffee, palm, soya, beef and wood.

The Migros Group is committed to realising deforestation-free supply chains for these high-risk raw materials **by the end of 2025**. The cut-off date is 31 December 2020. Priority is given to the supply chains for our own-brand products and the third-party customer business of Migros Industrie.

For third-party branded products made using these high-risk raw materials, we expect our business partners to make corresponding commitments to realising deforestation-free supply chains.

In addition to deforestation-free supply chains, our core business companies (Migros Supermarket Ltd, Migros Industrie and Denner) are also committed to implementing conversion-free supply chains.

Migros Supermarket Ltd and Denner also committed to reducing the amount of peat used in line with the Swiss Confederation's Memorandum of Understanding in 2022.

In a second step, we will identify additional raw materials with risks related to deforestation and conversion by the end of 2026 at the latest and define targets for preventing deforestation and conversion. We utilise the Science-Based Targets for nature (SBTn) process and are guided by the principles and definitions set out by AFI.

3.1 Raw material targets

The following table of raw materials sets out the targets set at Group and company level, the scope of our product range, as well as our accepted certifications and minimum standards, and our current projects and partnerships.

Raw material	Company	Target to be achieved by 2025	Product range in scope	Certifications/minimum standards	Partnerships and projects
Cocoa	Migros Group	100% of the cocoa ingredients are sourced from certified supply chains or other supply chains that provide other evidence that they are deforestation-free (e.g. an official EUDR due diligence statement).	Own brands	At least segregated and certified according to: Bio Suisse, Fairtrade International, FSI (Fairtrade Sourced Ingredient) or Rainforest Alliance	<p>Through Delica, we are represented on the Board of the Swiss Platform for Sustainable Cocoa (SWISSCO) and are thus committed to basing the entire physical flow of cocoa products into Switzerland (beans, butter, mass, finished products etc.) on sustainable agricultural production as well as to being fully traceable.</p> <p>The aim is to continuously increase the proportion of cocoa raw materials procured from direct partnerships with cooperatives in the country of origin.</p> <p>One example is the Necaayo cooperative which is working with Migros and Delica on an agroforestry climate protection project supported by the M Climate Fund.</p> <p>Migros also uses the M Climate Fund to support Helvetas' Sambirano project for traceable and sustainable cocoa beans from Madagascar.</p>
	MIND / MSM / DEN	In addition to the Group target, MIND, MSM and DEN are committed to sourcing 100% of their cocoa ingredients from conversion-free supply chains.	MIND's own brands and third-party business		
Coffee	Migros Group	100% of the cocoa ingredients are sourced from certified supply chains or other supply chains that provide other evidence that they are deforestation-free (e.g. an official EUDR due diligence statement).	Own brands	At least segregated and certified according to: Bio Suisse, Fairtrade International, FSI (Fairtrade Sourced Ingredient) or Rainforest Alliance	<p>Through Delica, we are actively involved with the Swiss Sustainable Coffee Platform (SSCP), which is developing a roadmap for sustainability modelled on SWISSCO.</p> <p>The Impact Range from Café Royal, which works directly with coffee farmers from different areas of origin, is to be expanded in all projects and higher volumes achieved. In Minas Gerais in Brazil, a new Impact Range partnership is being set up where coffee farmers receive premiums for their Fairtrade coffee and are supported in addressing issues related to soil fertility and adaptation to climate change. Projects with small farmers in Honduras and Peru, which have been running since 2016 and 2020 respectively, are to be continued and expanded.</p>
	MIND / MSM / DEN	In addition to the Group target, MIND, MSM and DEN are committed to sourcing 100% of their coffee ingredients from conversion-free supply chains.	MIND's own brands and third-party business		
Soya (edible soya and soya used for animal fodder)	Migros Group	All of our edible soya is sourced from certified supply chains or other supply chains that provide other evidence that they are deforestation-free (e.g. an official EUDR due diligence statement).	Own brands	At least segregated and certified according to: Donau/Europe Soya, Bio Suisse, ProTerra Europa or ISCC PLUS NonGMO (Europe), RTRS (Round Table on Responsible Soy Association)	<p>We are a member of the Soy Network Switzerland (SNS), which was founded in 2011, and have thus committed ourselves to the goal of procuring soya from environmentally friendly and socially responsible farming operations and helping to communicate the added value of this endeavour.</p> <p>In our procurement activities, we adhere to the principles set out by the Retail Soy Group (RSG).</p> <p>In 2017, we also signed the Cerrado Manifesto which aims to protect the Cerrado biome in Brazil.</p>
	MIND / MSM / DEN	In addition to the group target, MIND, MSM and DEN are committed to obtaining 100% of their edible soya from conversion-free supply chains.	MIND's own brands and third-party business		
Beef	Migros Group	All of the beef, beef products and associated feed soya are from deforestation-free supply chains.	Own brands	IP-Suisse, Bio Suisse Places of origin without the risk of deforestation (e.g. Swiss origin)	We are constantly expanding our range of plant-based alternatives to meat and beef in particular.

Raw material	Company	Target to be achieved by 2025	Product range in scope	Certifications/minimum standards	Partnerships and projects
	MIND / MSM / DEN	In addition to the group target, MIND, MSM and DEN are committed to ensuring that 100% of their beef, beef products and associated feed soya come from conversion-free supply chains.	MIND's own brands and third-party business	IP-Suisse, Bio Suisse Places of origin without deforestation or conversion risks (e.g. Swiss origin)	For this reason, we have been involved in the start-up Aleph Farms in Israel since 2019, which specialises in the development of sustainably cultivated meat. Migros also founded the laboratory meat innovation hub together with Givaudan and Bühler in 2021. We are thus investing in a promising technology that allows for meat to be produced in a way that conserves resources and does not involve animal husbandry.
Palm oil and palm kernel oil	Migros Group	100% of the processed palm and palm kernel oil is sourced from certified supply chains or other supply chains that provide other evidence that they are deforestation-free (e.g. an official EUDR due diligence statement).	Own brands	At least segregated and certified according to: Bio Suisse, RSPO (Roundtable on Sustainable Palm Oil)	We are a founding member of the Roundtable on Sustainable Palm Oil (RSPO) and are represented in working groups and on the Board through our membership of the Retailers' Palm Oil Group (RPOG) . As a founding member, we are also actively involved in the Palm Oil Network Switzerland which aims to promote sustainable supply chains in the palm oil sector and to continuously improve and strengthen the standards and certification systems used.
	MIND / MSM / DEN	In addition to the Group target, MIND, MSM and DEN are committed to sourcing 100% of their processed palm and palm kernel oil from conversion-free supply chains.	MIND's own brands and third-party business		
Palm oil derivatives	Migros Group	100% of the palm oil derivatives are certified with at least RSPO mass balance.	Own brands	Certified at least in accordance with RSPO Mass Balance	We continue to communicate the principles set out by the Forum for Sustainable Palm Oil (FONAP) to our most important suppliers. The Action for Sustainable Derivatives (ASD) organisation collectively investigates traceability back to the source for its members. Through our membership, we aim to significantly increase the transparency of value chains and potentially implement projects at the place of the raw materials' origin.
	MIND / MSM / DEN		MIND's own brands and third-party business		
Wood (incl. pulp and paper products)	Migros Group	100% of wood, paper and pulp products is sourced from certified supply chains or other supply chains that provide other evidence that they are deforestation-free (e.g. an official EUDR due diligence statement).	Own brand	At least certified according to: Forest Stewardship Council (FSC), recycled materials such as FSC Recycled, Blue Angel, and PEFC Recycled (Programme for the Endorsement of Forest Certification Schemes)	As a founding member of the Forest Stewardship Council (FSC) Switzerland , we support the protection and conservation of forests.
	MIND / MSM / DEN	In addition to the Group target, MIND, MSM and DEN are committed to procuring 100% of their wood, paper and pulp products from conversion-free sources.	MIND's own brands and third-party business		

In addition to the deforestation and conversion targets set out above, Migros Supermarket Ltd (MSM) and Denner (DEN) are participating in the Swiss Confederation's peat phase-out programme as follows:

Raw material	Company	Goal	Product range in scope	Minimum standard	Partnerships and projects
Peat	MSM	Reduction of peat in the supply chain Targets have been set via Memorandums of Understanding within the framework of the Swiss Confederation's peat phase-out programme:	Bagged soil, house, balcony and garden plants, potted herbs, vegetable plants and seedlings for balconies and gardens, and vegetables and herbs for fresh consumption.	Investigation into the proportion of peat used for the attention of the Swiss Confederation	We are participating in the Swiss Confederation's peat phase-out programme in order to protect bogs and peatlands. This provides for the gradual reduction of the amount of peat used in the supply chains of various products. We are committed to signing Memoranda of Understanding. We have already implemented the goals of the Memorandum of Understanding regarding the reduction of the amount of peat used in bagged soil. All bagged soils in the Migros supermarket range have been peat-free since 2017.
	DEN	<ul style="list-style-type: none"> • Memorandum of Understanding regarding Vegetables and Herbs • Memorandum of Understanding regarding Ornamental Plants • Memorandum of Understanding regarding Bagged Soil 	Vegetable plants and seedlings for balconies and gardens, and vegetables and herbs for fresh consumption.		

4. Implementation and reporting

We work with a risk management system that encompasses human rights risks and environmental risks in equal measure. We use this tool to evaluate the strategies and risks in relation to our procurement of raw materials from different sources as part of an iterative process. We defined our requirements in internal procurement guidelines and raw material strategies.

With regard to high-risk raw materials, we report annually on the progress we have made via the following implementation levels:

1. **Standards and certifications** which, according to **AFi**, contain sufficient criteria for freedom from deforestation. These are determined by our raw material strategies, among other things.
2. **Partnerships and co-operations**, with which we are committed to the transformation of entire sectors and landscapes within the framework of platforms, industry initiatives and overarching collaboration programmes.
3. **Our own supply chain projects** which we implement in coordination with Migros Industrie and our suppliers.

To this end, the following minimum criteria are applied annually to the high-risk raw materials procured:

- Origins and volumes of raw materials
- Certification and segregation level of the procured volumes
- Country in which the last value-adding processing stage was carried out for own-brand products

We also require our business partners that provide high-risk raw materials to have or to establish a commitment to deforestation-free supply chains. In return, we accept EUDR compliance, SBTi FLAG targets and other public deforestation policies.

Within the framework of multi-stakeholder initiatives, we are also actively working towards giving potentially affected stakeholders in our global value chains access to a grievance mechanism in accordance with international frameworks.