

1. Introduction and challenges

Every year, around 17 million hectares of the world's forests disappear permanently or are ecologically degraded through environmentally harmful management. In addition to forested areas, savannahs, grasslands, peatlands and marshlands are also converted for agricultural and forestry purposes.

Damage through deforestation and conversion

As well as raw materials, intact ecosystems also provide social, economic and enormous ecological value: they are crucial for carbon storage, preserving biodiversity, the water supply, mitigating natural hazards, adapting to climate change and maintaining the well-being of indigenous peoples and local communities.

The “ecosystems versus agriculture” conflict

According to a team of researchers from US institutions, the expansion of land for agricultural use contributes to around 80% of global deforestation, primarily in species-rich tropical forests.¹ The main problem is twofold: the growing global population and increasing demand for agricultural products, and the disregard for natural ecosystems. From a purely commercial point of view, an agricultural area is much more profitable than an intact ecosystem. As such, important benefits of ecosystems such as water and air purification, the pollination of plants, soil structure and carbon storage are ignored.

2. Definition

The term *deforestation* refers here to the illegal logging for wood and paper, as well as for land use as farm- and pastureland, for example for growing soybeans or grazing cattle. *Conversion* refers to the restructuring of ecosystems for economic use, for example by draining peatlands and wetlands, grassland ecosystems or savannahs for agriculture, but also by creating monocultures in forests, for example for palm oil, cocoa and coffee. This particularly affects the rainforests in South America and Southeast Asia, as well as grassland ecosystems and savannah forests in the global South.

This causes the loss of habitat for humans and animals, which leads to a serious loss of biodiversity. It also contributes to global warming. Due to the destruction, greenhouse gases are no longer stored but are instead released.²

3. Relevance for Transgourmet Switzerland AG

Most of the global rainforest deforestation is due to the production of meat, coffee, cocoa, palm oil (in food and non-food products), soya (as animal feed) and timber. These product groups make up a large proportion of Transgourmet Switzerland's range or are an important part of our supply chains. As a result, we consider these six raw materials to be “critical” and we attach particular importance to them in relation to deforestation and conversion. The social discourse has triggered political discussions on deforestation-free supply chains. New laws in Switzerland and the EU call for stricter requirements and transparency for various raw materials: as of 1 January 2022, the revised Environmental Protection Act banning trade in illegally

¹ <https://science.sciencemag.org/content/361/6407/1108>

² WWF-Deforestation-Scorecard. Berlin: WWF Deutschland, 2022 (URL: <https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/Wald/WWF-Entwaldungs-Scorecard-Studie.pdf>)

felled timber and the new Timber Trade Ordinance (TTO) based on it have been in force. In this way, the Federal Council has created an equivalent regulation to that of the European Union³ (EU Timber Regulation).

4. Measures

4.1 Principles

We are aware of the responsibility that comes with the high consumption of resources which pose a large risk of deforestation and conversion. Preserving biodiversity and protecting natural resources, the environment and the climate are enshrined in the Coop Group's sustainability strategy. With our multi-year sustainability objectives, we are therefore aiming to achieve supply chains with no risk of deforestation or conversion (75% until 2026). The cutoff date⁴ is 31 December 2015 (for cocoa, the cutoff date is 31 December 2018). The goals are based on the WWF's "Imported Deforestation"⁵ report, the "Accountability Framework Initiative" (AFi)⁶ and Coop's own risk assessment of our supply chains.

4.2 Creating transparency

Transparency along our supply chains is the foundation for managing the production risks of critical raw materials. In particular, for critical raw materials that are certified but not handled separately along the supply chain, it is important to ascertain additional information about the raw materials. This is why we systematically collect the following key figures for all critical raw materials:

- Procurement quantities
- Proportion of procurement quantity by country of origin
- Proportion of procurement quantity with sustainability certification, including the certification system (Segregated, Mass Balance, etc.)
- Country of the final value-adding processing step for own-label branded products
- Proportion of business partners with publicly visible voluntary commitments to deforestation-free and conversion-free supply chains, as well as to the protection of human rights.

4.3 Compliance with minimum standards

We require our business partners to ensure that finite natural resources are used as sparingly as possible in their companies, production sites and upstream production stages:

- We oblige our business partners to avoid the deforestation and conversion of other natural ecosystems along the entire supply chain. The cutoff date is 31 December 2015 (for cocoa, the cutoff date is 31 December 2018).
- In addition, raw material-specific requirements apply to all Transgourmet own-brands containing critical raw materials. These are set out in the 'Sustainable Procurement Policy'.

³ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:DE:PDF>

⁴ Cutoff date: In its supply chains, the Coop Group tolerates only those raw materials and products that come from areas or production units that have not been deforested or converted after the cutoff date of 31 December 2015.

⁵ Imported Deforestation: Understanding Switzerland's Overseas Footprint for Forest-Risk Commodities. WWF Switzerland, 2020

⁶ <https://accountability-framework.org/>

5. Responsibility

Overall responsibility for preventing deforestation and conversion in supply chains lies with the executive board of Transgourmet Switzerland. Operational review and implementation are ensured by the Sustainability Department in cooperation with the relevant departments within the company.

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