

Shared Services

The Logistics & IT Department – Shared Services – is responsible for the national and international supply chain processes.

Shared Services combine the competence centres in six areas. They are responsible both for operational activities and the strategic orientation of each area:

- Logistics
- IT
- Transport
- Sustainability/Environment
- Planning/Expansion
- Quality assurance

In 2015, logistics activities focused on **increasing efficiency by reducing costs** along the entire supply chain. Rising raw material prices, the weakness of the euro and higher production costs necessitated continuous optimisation along the whole value chain.

Automation at the Migros Distribution Centre in Suhr (food) and the Migros Distribution Centre in Neuendorf, Canton of Aargau (non- and near-food products, textiles and frozen produce) was stepped up again. For example, the picking system for the migrolino locations went into operation in the reporting year. In Neuendorf, several off-site warehouses were closed thanks to a new logistics hall at the existing location, and work on expanding the deep-freeze warehouse also got underway.

Optimising transport: economic, environmental

The **changing lifestyles** of Migros customers are calling for new transport solutions, due to longer opening hours, cross-channel delivery and online shopping. With clever volume bundling and an intelligent combination of all modes of transport (road, rail and intermodal), Migros again managed to work out highly efficient and environmentally friendly transport methods in 2015. In international transport, this was achieved in particular by expanding the southern port connection, through which 30% of goods from the Far East now pass.

With customer demand for **sustainability, regionality and recycling** increasing, Migros has conducted more research in the area of transport packaging and made a stronger commitment to reducing paper and cardboard waste. For several years, Migros has been the only retailer in the world to transport most of its bananas from the tropics into Switzerland using returnable containers, thereby making a valuable contribution to fighting

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IT Services: digitalisation & consolidation

In 2015, the main focus in Migros IT Services was on **digitalisation** and **consolidation**.

- With **Mobile Payment**, Migros customers can pay for items using their smartphones. Since August 2015, the Migros app has served as a digital wallet at the checkout in supermarkets and specialist markets as well as in Migros restaurants and takeaways. All payments are debited directly from the customer's credit card or Migros bank account.
- As part of the M-Infrastructure initiative, more progress was made on the **roll-out of M-Workplace**, which defines the standard workplace for the Migros Group. After BINA, the workplaces at Globus and Interio were implemented and preparations were made to equip those at Migros Geneva and the Federation of Migros Cooperatives.
- In relation to the central data centre platform **M-Datacenter**, the affected premises of the Aare and Zurich Cooperatives are being converted. The M-Datacenter is designed to meet the latest requirements in energy efficiency and security.

Sustainable development: optimised services

In 2015, the **Logistics & IT** Department, in partnership with the other strategic business units (SBU), again committed itself to the sustainable organisation of its services. This made it possible to continue implementing the **basic requirements for corporate environmental protection** within the Migros Group. The development of individual climate and energy strategies, the submission of energy and CO2 target agreements to the state and cantons, and the implementation of specific energy measures were also supported and promoted in the reporting year. In the logistics companies, additional measures for utilising waste heat were implemented to replace fossil fuels.

Since the start of 2014, Migros has been the first Swiss retailer to recover and recycle all types of household **plastic bottles**. In the first year of operation, the collected volume was already increased by 26% to around 2'484t. In 2015, Shared Services also made a commitment to **expanding the near-natural areas** on the company's own premises. The company was already able to meet its Generation M promise by the middle of the year; by the end of 2015, Migros had created a total of 2.7 million m² of near-natural habitat for animals and plants.

As a new initiative, the Shared Services department is now promoting innovative achievements by students in the area of corporate environmental and climate protection. The **Migros Environment Award** was presented for the first time in 2015.

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