

Sourcing with integrity

Soy within Ocado's Supply Chain

Supplier Requirements:

November 2023



Goal

100% verified Deforestation and Conversion free soy (vDCF) production (encompassing both legal and illegal deforestation/conversion) within all Ocado Own Range products as soon as possible, but no later than 2025, with a cut-off date of 2020 (respecting earlier existing regional agreements such as the Amazon Soy Moratorium).

Scope

The products sold by Ocado Retail Ltd (ORL) can be classified in 3 categories:

- **Ocado Own Range (OOR)**
- M&S branded
- Third party branded.

The Ocado Own Range (OOR) is the only category that ORL has full control over, with M&S branded and third party branded products being covered by own commitments. **This policy applies to the following categories, where soy is used within the feed in the supply chains of OOR products.**

The Consumer Goods Forum (CGF) have grouped products together that could have soy embedded, into a soy measurement 'ladder'. This helps distinguish different product categories and their relative complexity in the ability to measure the soy footprint. ORL have used the tiers included in this ladder to articulate what categories are in or out of scope.

Table 1 – Ocado Own Brand Food Products within Scope ([CGF Soy Measurement Ladder](#))

Tier 1	Direct soy such as edamame beans and soy milk	In scope
Tier 2	Meats, including beef, pork, chicken, duck, fish etc.	In scope
Tier 3	Eggs and Dairy	In scope
Tier 4a	Meats in processed food products	In scope
Tier 4b	Eggs and Dairy in processed food products	In scope
Tier 5	Soy derivatives used as an ingredient e.g. soy lecithin in chocolate or soy oil in margarine.	Out of scope

Supplier Requirements

1. Matching Commitments

ORL is a signatory of the [UK Soy Manifesto](#) (UKSM) and therefore adheres to its commitments. We endeavour to work collaboratively with all direct suppliers and peers to deliver on our commitments. To support us in doing this, we ask that our direct suppliers with soy in scope implement the following requirements. Further guidance on how to deliver these requirements can be found via the [Deforestation Free Principles document](#), produced by the Retail Soy Group.

ID	Supplier Requirement	Guidance
R1	Adopt a commitment to only using 100% vDCF soy in supply chains with a cut-off date of 2020, as soon as possible, but no later than 2025	See specific requirements included in point 2 “Verified Deforestation and Conversion Free Supply” below.
R2	Incorporate this commitment into a publicly available Policy supported by a detailed action plan	The Policy should include definitions of deforestation and conversion free aligned with the Accountability Framework Initiative and should specify a clear cut-off date. Action plans should be time-bound and reflect the urgency of achieving commitments.
R3	Ensure this Policy covers all operations, regardless of the buyer or market	The Scope of operations included in the Policy should be described in detail and cover all operations, all markets and buyers.
R4	Require own direct suppliers to match and cascade the same commitments	

R5	Publicly report on progress against these commitments, at least annually	
R6	Establish a robust Monitoring, Reporting and Verification (MRV) system.	Guidance on the core components of a MRV system can be found in a Deforestation Free Principles document, produced by the Retail Soy Group (RSG) .
R7	Consider becoming a UK Soy Manifesto Signatory (or other national equivalent with aligned commitments)	Contact info@efeca.com for details on how to become a signatory.

2. Verified Deforestation and Conversion Free supply

vDCF soy is defined as volumes of soy that can be evidenced (through an effective monitoring, verification and reporting system) to have been legally produced and deforestation and conversion free (with a cut-off date for the conversion of the land of no later than 2020). This definition is detailed in accordance with the Accountability Framework Initiative and UK Soy Manifesto (UKSM) [aligned definition](#). The UKSM definition states that the following are verified routes to achieving DCF supply chains:

- **Low Risk Origin:** Soy evidenced as coming from a low-risk production area, this is both country of origin and sub-national level provided the necessary assurance is provided. The UKSM currently define this as USA, Canada and Europe
- **Third Party assured direct monitoring:** soy verified as DCF through a jurisdiction or farm level monitoring system (using satellite monitoring), that have been third party assured. For example, sourcing under Amazon Soy Moratorium contracts or trader’s own verification system, verified by a robust, independent third party audit.
- **Certification:** Certification with physical chain of custody without mixing with conventional materials, i.e. physically segregated certification. Other types of certification (e.g. credits, mass balance) are not verifiable routes to demonstrating DCF and are considered transitional routes.

We recognise that achieving vDCF supply chains will take time, and therefore we have phased our expectations, aligning behind industry recognised standards (such as the [FEFAC Soy Sourcing Guidelines 2023](#)) during the transition towards our 2025 goal. These certification requirements will be reviewed annually in collaboration with industry peers.

Certification scheme	Definition	Meets Ocado Own Range Requirements 01/01/2024 until 31/12/2025	Meets Ocado Own Range Requirements from 01/01/2026
Credits/ Certificates	"Book & Claim" (B&C) forms of certification reward farmers for producing their soy in a sustainable way by paying them premiums for their soy. The end product contains no known certified product and there is no physical link to the buyer's supply chain. There is also no requirement that these B&C certifications have been purchased from farms within a key deforestation frontier region.	No – suppliers must purchase the equivalent AMB/Regional Credits	No
Area Mass Balance or RTRS Regional Credits	These hybrid systems link premiums paid for the certified materials to specific farms or regions, however there is no requirement for these farms or regions to be deforestation risk frontiers. The Area Mass Balance supply chain model is unique to the soy trader Cefetra. RTRS Regional Credits are attributed to a specific region in a producing country to promote sustainable soy production. For both schemes, there is no physical traceability through the supply chain.	Yes	No
Mass Balance	This chain of custody (CoC) model allows the physical mixing of certified and non-certified product at any stage in the production process provided that the quantities are controlled in documentation. The soy entering the buyer's supply chain will therefore be a mix of conventional and certified materials, therefore not guaranteeing that all of the materials used within the supply chain are vDCF.	Yes, FEFAC Soy Sourcing Guidelines (2023) compliant standard with a cut-off date before 2020 (2008 for the Amazon)	No
Physically	This CoC model ensures that certified product is kept separate from non-certified sources through	Yes, FEFAC Soy	Yes



Segregated	each stage of the supply chain, allowing assurance that the ingredients within a particular product originate from certified sources, though it may not be possible to identify which material came from which certified source. (ISEAL, 2016)	Sourcing Guidelines (2023) compliant standard with a cut-off date before 2020 (2008 for the Amazon)	
Identity Preserved	This CoC model ensures that certified product is kept separate from other sources. If used through the whole supply chain, it allows certified products to be traced through the production process from a production site and batch to the last point of transformation or labelling of a product (or use of a claim). (ISEAL, 2016)	Yes	Yes

3. Transparency, Supply Chains & Reporting

Supplier transparency and traceability is critical to our ability to monitor progress towards our commitments, as well as compliance by all parties with upcoming legislative requirements. Disclosure by all supply chain actors will ensure information flows through the complex soy supply chain.

We ask our direct suppliers to report on the following aspects of soy used within ORL products (split according to the relevant CGF tiers described under Scope) to support our Monitoring, Reporting and Verification process:

CGF Tiers 1-3

- Total volume of animal-based product supplied and respective soy derivatives used to produce that volume of product ingredient (e.g. soy content within the feed and feed volume)
- Total volume of feed used to produce these products
- Name of feed/soy supplier
- Name of first importer/trader of soy to country of production
- Evidence for vDCF status:
 - Evidence of soy certification status (if applicable)
 - Evidence of procurement system in place to verify DCF status
 - Evidence of soy producing country of origin – National or sub-national (state or municipality)
- Progress against individual UKSM (or equivalent) commitments.

CGF Tiers 4a and 4b

- Total volume of animal-based or soy-based ingredient supplied
- Name of direct supplier of animal or soy based product
- Evidence for vDCF status:
 - Evidence of soy certification status (if applicable)
 - Evidence of procurement system in place to verify DCF status
 - Evidence of soy producing country of origin – National or sub-national (state or municipality)
- Progress against individual UKSM (or equivalent) commitments.

Suppliers will be required to provide this information annually and on request, and where this information is not available suppliers must demonstrate that they are working to increase transparency.

4. Feed Innovation

Reducing global demand for soy will also help address some of the drivers for deforestation and land conversion. We expect that all our suppliers investigate ways to reduce and replace soy within feed where this is appropriate. When assessing the use of alternative feeds, it is expected that suppliers consider the full impact of any changes, i.e. animal welfare standards, environmental and social impacts. This is to ensure that any alternatives introduced represent a genuine lower impact to reduce unintended consequences of making any changes. These innovations should be included in supplier's overall action plans.

Definitions

All definitions are in line with the [Accountability Framework Initiative](#) (AFi) guidance.

Revision History

Version	Date	Details
1	August 2023	First Issue
2	November 2023	Page 5: Changed date format to DD/MM/YYYY on the table