Sourcing with Integrity

Soy

2023 Progress Report

Own Brand, Technical, Compliance & Sustainability

Contents

1. Introduction

Within Europe, soy plays a crucial role in food supply chains, being typically consumed as an “embedded” ingredient within animal feed for livestock-based products such as meat, dairy and eggs. However, soy is typically grown in South America and is associated heavily with the loss and conversion of tropical ecosystems. As such there is a growing pressure to move towards sustainable soy production, which is now being legally enforced with the introduction of the EU Deforestation Legislation (EUDR) from 30th December 2024.

Ocado Retail Ltd (ORL) is a signatory to The UK Soy Manifesto (UKSM), a collective industry commitment to ensure that all physical shipments of soy to the UK are deforestation and conversion free (cut-off date of January 2020) by 2025. As a signatory of the UKSM, ORL developed in 2023 an overall roadmap and implementation plan to support its transition to 100% sustainable soy within its Ocado Own Range (OOR).

In 2022 ORL began annually mapping the OOR soy footprint to monitor progress towards deforestation and conversion free commitments. OOR suppliers are requested to submit information through a collective reporting process, managed by an independent consultancy company, on the volumes and certification status of the soy they use. The soy certification types reported by suppliers are classified into four categories, described in Table 1, dependent on the ability of the supply chain to deliver verified deforestation and conversion free soy.

Table 1. Definitions of the criteria of verified deforestation and conversion free (vDCF) statuses.

Certification status	Criteria
Verified Deforestation and Conversion Free (vDCF) *(Segregated, Low-risk origin, Supplier MRV)*	Certified under a FEFAC (The European Feed Manufacturers' Federation) benchmark-approved scheme to a segregated criteria, or from a low-risk origin (any country outside of South America), or from a committed vDCF supplier with full independent third-party assessed purchasing controls.
In transition *(Mass Balance, Area Mass Balance, Regional Credits)*	The reporting company is transitioning from no certification claims or the purchasing of standard credits towards verified deforestation and conversion free claims through use of one of the following models: • A hybrid system that links premiums paid for the certified materials to specific farms or regions. There is no physical link to the buyer's supply chain. (E.g. Area Mass Balance or Regional Credits) • Soy is certified and physically connected to the supply chain of the company purchasing it, but certified and uncertified soy is mixed throughout the supply chain, meaning only some of the final product is DCF (Mass balance).
Other certification *(Standard credits)*	Certified using credit or certificates schemes. Farmers are rewarded for sustainable soy production through premiums, but there is no physical link to the buyer's supply chain.
No claim	No certification claims are made.

This report describes the OOR soy footprint data covering the period from January – December 2023, and assesses the progress made since 2022, the first year in which OOR soy was mapped.

2. Soy footprint 2023

2.1. Total soy footprint

The total soy footprint of OOR products consists entirely of soy used in animal feed. The total volume of soy in 2023 within OOR supply chains decreased to 8,252 tonnes, a reduction of 1,327 tonnes compared to 2022 (Figure 1). This notable shift in volumes between 2022 and 2023 has primarily been caused by improvements in data quality, rather than any significant decrease in OOR sales volumes. Specifically, this improved data quality results from more accurate conversion factors, used to estimate the volume of soy contained within animal feed, being applied to the 2023 data. This was possible due to additional information about supplier production systems becoming available, allowing for more accurate conversion factors for 2023 to be used.

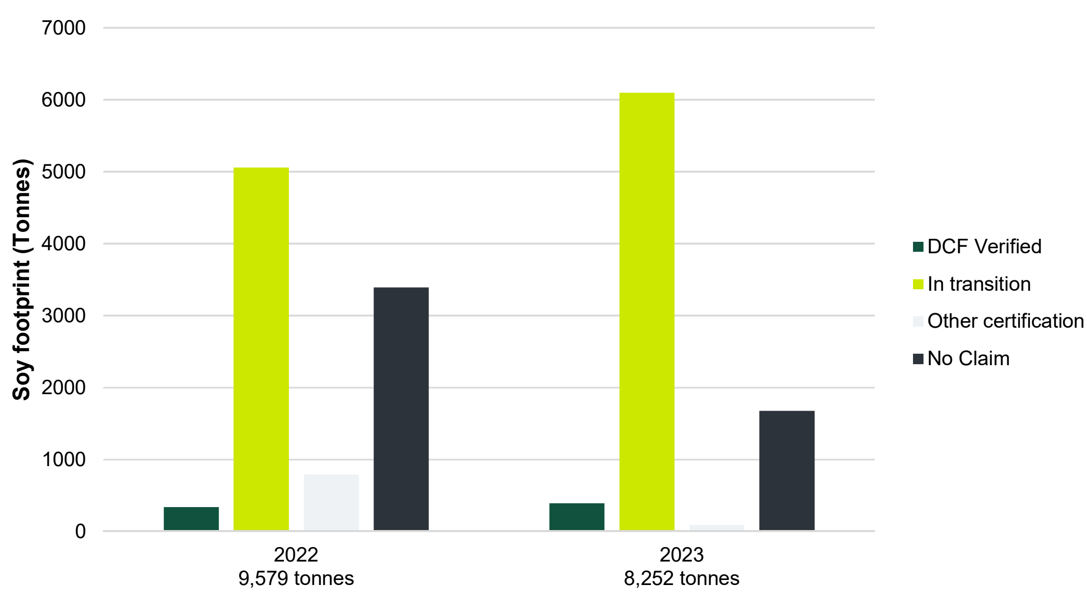

Figure 1. OOR soy footprint and certification statuses in 2022 and 2023.

2.2. Certification

In 2023, 5% of the OOR soy footprint was claimed as being verified deforestation and conversion free (vDCF), a slight improvement on the 3% reported in 2022 (Figure 2). However, a more significant change is seen in the proportion of uncertified soy which has dropped to 20% in 2023, compared to 35% in 2022. This has been driven by a shift towards certification types considered as being 'In transition' (see Table 1), covering almost three quarters (74%) of the OOR soy footprint. This shift away from 'No claim' and 'Other certification' volumes has largely been driven by changes to the certification claims of just a few significant suppliers. Additionally, as has already been highlighted, the significant reduction in the 2023 footprint has also decreased the overall proportion of 'No claim' volumes.

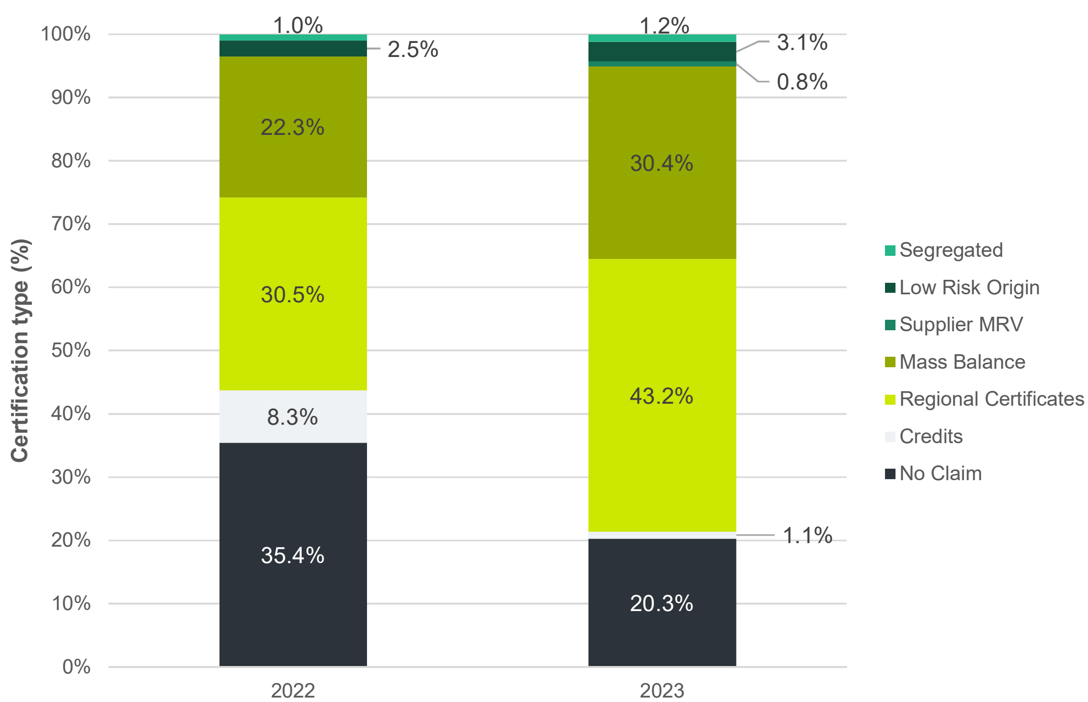

Figure 2. The proportion of certification types within the OOR 2022 and 2023 soy footprints.

2.3. Product categories

As mentioned earlier, all soy entering the OOR supply chain in 2023 was as animal feed. Poultry accounts for over half of OOR's total soy footprint, with over 4500 tonnes associated with this livestock category. The majority of this volume is either covered by Mass Balance or Regional Certificates, although 4% of the footprint had no associated deforestation and conversion free claims (Figure 3).

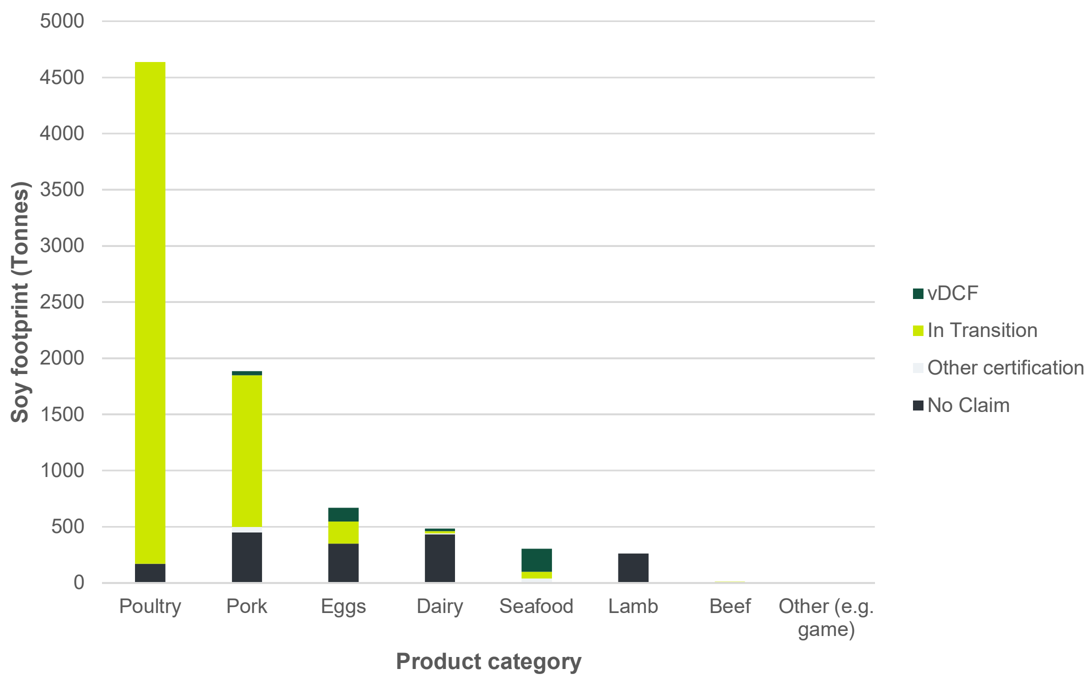

Figure 3. OOR soy footprint by product category.

2.4. Soy origins

Disclosure of the soy country of origin in 2023 improved to 63% of the OOR total soy volume, shown in Figure 4, compared to only 49% in 2022. In 2023, almost half (46%) of all the soy reported in OOR supply chain originated from Brazil, of which the majority was claimed as being 'In transition'. Paraguay and Argentina were also reported as significant South American origins of soy within the supply chain accounting for 10% and 5% of the total soy footprint, respectively. The majority of Argentinian soy, and over half of the soy from undisclosed sources, had no vDCF claims made against them.

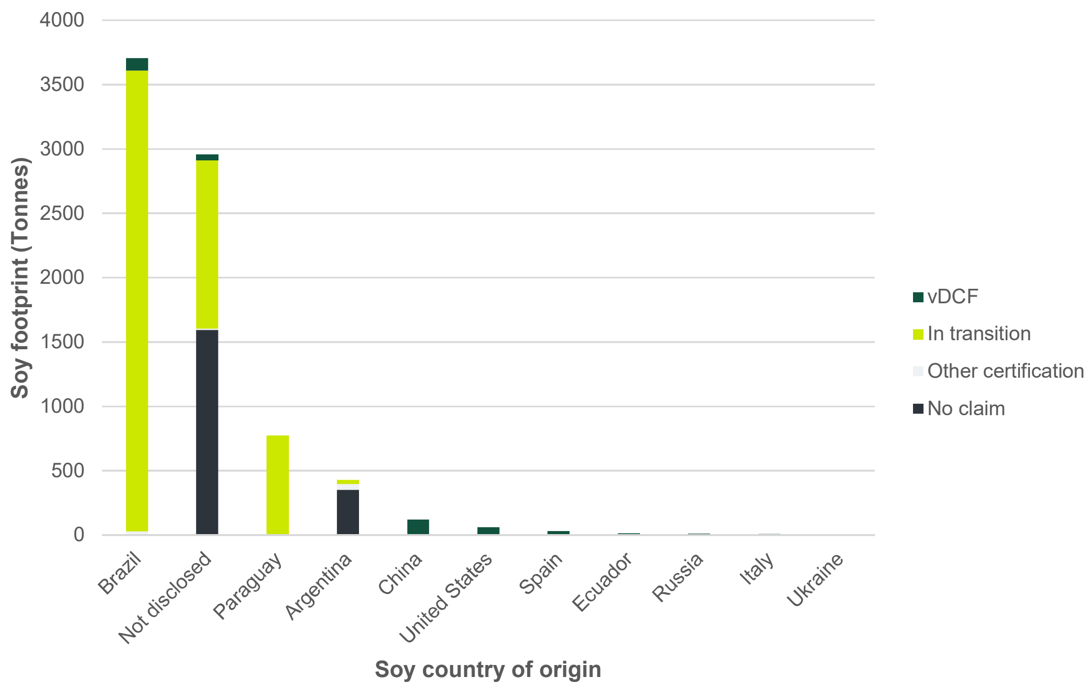

Figure 4. Country of origins of OOR soy footprint in 2023.

2.5. Supplier UK Soy Manifesto signatories

42% of OOR's suppliers are either UKSM signatories, or have matching commitments in place to deliver vDCF soy by 2025. Moreover, these suppliers account for 84% of the OOR soy footprint, shown in Figure 5.

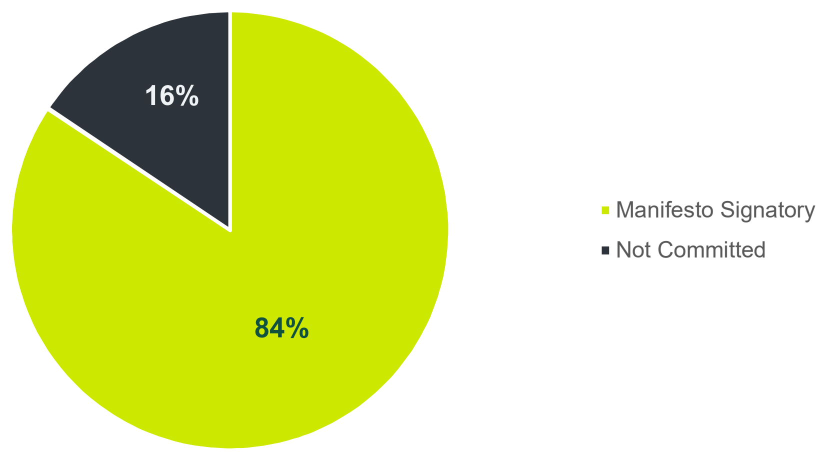

Figure 5. Percentage of the OOR soy footprint delivered by suppliers who are UKSM signatories.

3. Looking forward

This is the second year in which ORL mapped its soy footprint.
The results presented here highlight the progress towards achieving a 100% verified deforestation and conversion free (vDCF) soy supply chain.

Further progress is required across the OOR supply chain in 2024 to achieve deforestation commitments. However, important steps have been made in 2023 on the journey towards reaching this goal. In August 2023, ORL developed a 'soy roadmap' outlining the pathway towards achieving 100% verified deforestation and conversion free soy. This included the publication of ORL's Sourcing with Integrity – Soy policy, requiring OOR suppliers to adopt a commitment to only use vDCF soy (with a cut-off date of 2020) by no later than 2025.

It is expected that in 2024 the OOR soy footprint will begin to reflect the significant changes in policy that have now been implemented, with suppliers shifting the soy used in feed towards vDCF sources. Moreover, ORL is committed to continue to engage and work collaboratively with its suppliers and partners in order to achieve its commitments.