Sourcing Soy Responsibly

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UK Soy Manifesto Progress Update

In 2021 Tesco and other leading UK companies launched the UK Soy Manifesto. Tesco, alongside WWF, Efeca, Earthworm and Mighty Earth spearheaded the development of the UK Soy Manifesto, which was launched by Tesco CEO Ken Murphy in November 2021 during COP26. The Manifesto sets out requirements to deliver deforestation and conversion free soy to the UK by 2025. Manifesto signatories currently represent close to 60% of soy used in the UK. Read more about the <u>UK Soy Manifesto here</u>.

On the anniversary of the Manifesto's launch Tesco, alongside other signatories, is providing an update on how we're delivering against the five Manifesto commitments.

Commitment 1. Set a deforestation and conversion-free commitment with a cut-off date of January 2020 or earlier.

Why this is important: a 2020 cut-off date effectively draws a line in the sand and says that soy grown on any land that has been deforested after this date cannot be considered deforestation and conversion free and is therefore not sustainable. Land cover images taken from satellites are used to verify the status of land in the year 2020 compared to now, and assess whether or not deforestation has occurred since that date.

What has Tesco done to deliver this: over several years Tesco has stipulated in its Zero Deforestation Soy Sourcing requirements that suppliers may comply with the requirements via a certification scheme which must meet the European Feed Industry's (FEFAC) benchmark standard achieving the no-deforestation criteria, with a cut-off date before 2020. Every year we require that all of our suppliers who use soy report to us on how they have implemented this requirement and we publish this data on our website, in our annual sustainability disclosures including our Protecting Forests Factsheet, and via various independent reporting initiatives such as CDP and the Consumer Goods Forum Forest Positive Coalition (CGF-FPC).

Commitment 2. Ask direct suppliers to adopt and cascade the same commitment

Why this is important: The UK Soy Manifesto was created to catalyse and coordinate an industry wide movement since no company acting alone can bring about the system change required in the soy sector. In this regard it's critical that Tesco and all Manifesto signatories magnify their individual actions by requiring their suppliers to adopt the same commitments, which will set a standard industry 'ask' for sustainable soy throughout the country. This requirement for increased transparency is also closely linked to the upcoming legislation in the UK and EU which will require all major operators to carry out due diligence to ensure that soy and other forest risk commodities have not been grown on recently deforested land.



What has Tesco done to deliver this: Over the past year Tesco has been engaging its suppliers on the Manifesto commitments. Primary among these engagements have been encouragement to: make an individual company commitment by joining the Manifesto; develop 'Roadmaps' or plans of how the supplier can achieve a sustainable soy supply chain by 2025; and develop suppliers' own policies. In our last round of mandatory annual reporting on soy we started to introduce these requirements and by the end of 2022 we will increase the level of detail and commitment asked of suppliers.

Commitment 3. Integrate Manifesto commitments within direct supplier commercial contractual requirements, and support compliance

Why this is important: perhaps the most influential and challenging feature of the UK Soy Manifesto is the commitment to include Manifesto commitments into contractual requirements and ways of working. This has been especially challenging during the previous six months due to the lack of a commonly accepted standard or specification of verified Deforestation and Conversion Free (vDCF) soy and the accelerating rate of inflation that has resulted in the cost-of-living crisis and intense cost pressures on the entire supply chain.

What has Tesco done to deliver this: Over recent months Manifesto signatories have made significant progress in discussions with soy traders represented by the <u>Agricultural Industries Confederation (AIC)</u>, and have agreed the fundamentals of a new vDCF standard which can be specified in purchase contracts – more information on this and how it will be used will follow shortly. Specifically, in the case of Tesco suppliers, we were very pleased by the response of suppliers representing more than 90% of our soy footprint to our request to prepare Roadmaps for the transition to sustainable soy. Based on these we are currently developing a detailed programme of engagement that will involve significant interaction on a supplier by supplier basis.

Commitment 4. Publicly disclose progress

Why this is important: just as we are asking stakeholders further up the supply chain to be increasingly transparent, we need to lead by example and demonstrate the level of transparency we want to see. This action is critical to give confidence to other supply chain stakeholders that we are all in this together and everyone is playing their part. For any that aren't, public reporting means that the fact quickly becomes obvious.

What has Tesco done to deliver this: Tesco reports in multiple for on its work to drive a sustainable soy sector, including reporting via our website, the UK Soy Manifesto, our annual sustainability disclosures and factsheet, Consumer Goods Forum Forest Positive Coalition, CDP, Retail Soy Group, Soy Transparency Coalition, and UK Roundtable on Soy, all of which reflect our progress in soy.



Commitment 5. Encourage harmonised monitoring, verification, and reporting

Why this is important: we need to have a consistent and standardised framework for reporting progress on sustainable soy so that one company's progress can be compared with others.

What has Tesco done to deliver this: as above we actively participate in multiple groups which aim to standardise reporting on forest risk commodities, for example the CGF Forest Positive Coalition which produces Roadmaps per commodity and standardises asks and reporting requirements both up and down the supply chain. Tesco also actively participates in the UK Soy Manifesto working group which aims to develop a national status on deforestation free soy.

